

**State of Tennessee****Health Services and Development Agency**Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243www.tn.gov/hsda

Phone: 615-741-2364

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Date: December 4, 2013**To: HSDA Members****From: Melanie M. Hill, Executive Director****Re: CONSENT CALENDAR JUSTIFICATION
CN1310-037 – NHC Homecare, Springfield**

As permitted by Statute and further explained by Agency Rule on the last page of this memo, I have placed this application on the consent calendar based upon my determination that the application appears to meet the established criteria for granting a certificate of need. Need, economic feasibility, and contribution to the orderly development of health care appear to have been demonstrated as detailed below. If Agency Members determine that the criteria have been met, a member may move to approve the application by adopting the criteria set forth in this justification or develop another motion for approval that addresses each of the three criteria required for approval of a certificate of need.

At the time the application entered the review cycle on November 1, 2013, it had no opposition. If opposition is filed prior to the application being heard, it will be moved to the bottom of the regular December agenda and the applicant will make a full presentation.

Summary—

NHC/OP, L.P. operates eighteen licensed home care organizations providing home health services in Tennessee. With this application, it proposes to remove Macon County from its NHC Homecare, Murfreesboro license and add it to its NHC Homecare, Springfield license. The approval of this application will not result in an increase in the number of home health agencies in the service area. Patients residing in Macon County are currently served from the NHC Homecare, Murfreesboro (parent) office. If this application were approved, Macon County patients would be served from the NHC Homecare, Springfield branch office located in Hendersonville. The applicant estimates it would save 38 miles and 50 minutes per visit, which would permit it to operate more efficiently and economically.

Executive Director Justification -

Need- Need is demonstrated based upon the applicant's ability to continue to serve the population it presently serves more economically and efficiently.

Economic Feasibility-The project is financially feasible based on its low cost. The approval of the project will permit the agency to operate more economically and efficiently.

Contribution to the Orderly Development of Health Care-The project does contribute to the orderly development of health care since it appears it will reduce administrative costs by reducing travel time.

*The following condition is recommended should the agency approve the application: **CONDITION:** This approval is conditioned upon the simultaneous delicensure of Macon County from NHC Homecare, Murfreesboro.*

Based on these reasons, I recommend that the Agency approve certificate of need application CN1310-037.

Statutory Citation -TCA 68-11-1608. Review of applications -- Report

(d) The executive director may establish a date of less than sixty (60) days for reports on applications that are to be considered for a consent or emergency calendar established in accordance with agency rule. Any such rule shall provide that, in order to qualify for the consent calendar, an application must not be opposed by any person with legal standing to oppose and the application must appear to meet the established criteria for the issuance of a certificate of need. If opposition is stated in writing prior to the application being formally considered by the agency, it shall be taken off the consent calendar and placed on the next regular agenda, unless waived by the parties.

Rules of the Health Services and Development Agency - 0720-10-.05 CONSENT CALENDAR

- (1) Each monthly meeting's agenda will be available for both a consent calendar and a regular calendar.
- (2) In order to be placed on the consent calendar, the application must not be opposed by anyone having legal standing to oppose the application, and the executive director must determine that the application appears to meet the established criteria for granting a certificate of need. Public notice of all applications intended to be placed on the consent calendar will be given.
- (3) As to all applications which are placed on the consent calendar, the reviewing agency shall file its official report with The Agency within thirty (30) days of the beginning of the applicable review cycle.
- (4) If opposition by anyone having legal standing to oppose the application is stated in writing prior to the application being formally considered by The Agency, it will be taken off the consent calendar and placed on the next regular agenda. Any member of The Agency may state opposition to the application being heard on the consent calendar, and if reasonable grounds for such opposition are given, the application will be removed from the consent calendar and placed on the next regular agenda.
 - (a) For purposes of this rule, the "next regular agenda" means the next regular calendar to be considered at the same monthly meeting.
- (5) Any application which remains on the consent calendar will be individually considered and voted upon by The Agency.

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
DECEMBER 18, 2013
APPLICATION SUMMARY**

NAME OF PROJECT: NHC Homecare, Springfield

PROJECT NUMBER: CN1310-037

ADDRESS: 2100 Park Plaza Drive
Springfield (Robertson County), Tennessee 37172

LEGAL OWNER: NHC/OP, L.P.
100 Vine St.
Murfreesboro (Rutherford Co.), Tennessee 37130

OPERATING ENTITY: Not Applicable

CONTACT PERSON: Bruce K. Duncan
Assistant Vice President
National Healthcare Corporation
100 Vine St.
Murfreesboro (Rutherford Co.), Tennessee 37130
(615) 890-2020

DATE FILED: October 11, 2013

PROJECT COST: \$3,000.00

FINANCING: Cash Reserves

PURPOSE FOR FILING: Addition of Macon County to the licensed service area of NHC HomeCare's existing home care license (#205) which currently serves six (6) Middle Tennessee counties

DESCRIPTION:

NHC Homecare, Springfield is seeking consent calendar approval for the addition of Macon County to the licensed service area of its existing home healthcare license #205. If approved, Macon County will be removed from NHC HomeCare (license #208) located at 1923 Memorial Boulevard, Suite A in Murfreesboro, Tennessee. Macon County is immediately adjacent to and northeast of the applicant's currently licensed service area which includes six (6) Middle Tennessee counties: Cheatham, Davidson, Macon, Montgomery, Robertson, Sumner and Wilson County. Once Macon County is added to the licensed service area of the NHC Springfield agency, it will be removed from the licensed service area of NHC HomeCare license #208 located at 1923 Memorial Boulevard, Suite A in Murfreesboro, (Rutherford County), Tennessee.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW**HOME HEALTH SERVICES**

1. The need for home health agencies/services shall be determined on a county by county basis.
2. In a given county, 1.5 percent of the total population will be considered as the need estimate for home health services in that county.

The 1.5 percent formula will be applied as a general guideline, as a means of comparison within the proposed service area.

3. Using recognized population sources, projections for four years into the future will be used.
4. The use rate of existing home health agencies in the county will be determined by examining the latest utilization rate as calculated in the Joint Annual Report of existing home health agencies in the service area.

Based on the number of patients served by home health agencies in the service area, estimation will be made as to how many patients could be served in the future.

Following Steps 1-4 above the Department of Health report that is based on 2012 data, indicates that 358 service area residents will need home health care in 2017; however 880 patients are projected to be served in 2017 resulting in a net excess of 522 patients. There will not be a net increase in home health agencies serving Macon County, since NHC Homecare, Murfreesboro will

NHC HOMECARE, SPRINGFIELD

CN1310-037

DECEMBER 18, 2013

PAGE 2

drop Macon County from its license if the proposed project is approved.

5. Documentation from referral sources:

- a. The applicant shall provide information concerning whether a proposed agency would provide services different from those services offered by existing agencies.
- b. The applicant shall provide information indicating the types of cases physicians would refer to the proposed home health agency and the projected number of cases by service category to be provided in the initial year of operation.
- c. The applicant shall provide letters from potential patients or providers in the proposed service area that state they have attempted to find appropriate home health services but have not been able to secure such services.
- d. The applicant shall provide information concerning whether a proposed agency would provide services different from those services offered by existing agencies.

The applicant did not address Criterion 5a-d. and stated it is not applicable since there is no net increase in the service area, since NHC Homecare, Murfreesboro will drop Macon County from its license if the proposed project is approved.

6. The proposed charges shall be reasonable in comparison with those of other similar facilities in the service area or in adjoining service areas.

- a. The average cost per visit by service category shall be listed.
- b. The average cost per patient based upon the projected number of visits per patient shall be listed.

The applicant provides the following information on page 126 of the application. The cost per visit compared to twenty-three (23) existing home health agencies currently serving Macon County appears to be consistent with those agencies' costs.

<i>Service</i>	<i>Applicant's Proposed Cost per Visit</i>
<i>Skilled Nursing</i>	\$124.00
<i>Physical Therapy</i>	\$146.00
<i>Occupational Therapy</i>	\$170.00
<i>Speech Therapy</i>	\$126.00
<i>HH Aide</i>	\$50.00

The applicant projects to serve 40 patients in Year One. The applicant's projected average net charge per patient will be \$3,199.00.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

By adding Macon County to the license of NHC Homecare, Springfield, and removing it in from the NHC Homecare, Murfreesboro license, NHC will be able to reduce operating costs. The result would be "no net additional" licensed home health agencies serving Macon County. The transfer of Macon County from the license of NHC Homecare, Murfreesboro's office will permit NHC/OP, LP to "more cost efficiently and effectively serve" the Macon County patients due to their geographic distance from its Murfreesboro, TN (Rutherford County) agency. The Murfreesboro office is approximately 60 miles from Macon County one way and takes approximately 1 hour and 20 minutes to drive. If approved, Macon County patients will be served out of NHC Homecare, Springfield's Hendersonville, TN branch office which is approximately 41 miles from Macon County and takes approximately 55 minutes to drive.

NHC Homecare, Springfield estimates by moving Macon County to the Springfield license would save approximately 19 miles each way plus an additional 25 minutes of productive time. On a roundtrip basis the savings equate to 38 miles and 50 minutes per visit.

NHC Homecare, Murfreesboro has submitted a similar application, CN1310-036, to also be heard under the Consent Calendar during the December 18, 2013 Agency meeting. The application, NHC Homecare Murfreesboro, CN1310-036 is

for the addition of Franklin County to its existing license and the removal of Franklin County from NHC Homecare, Columbia.

An overview of the project is provided in Attachment B-1 of the original application.

The applicant projects the initiation of service on February 1, 2014.

Ownership

NHC/OP, L.P. owns 100% of NHC Homecare, Springfield. NHC/OP, L.P. is owned 99% by National HealthCare Corporation and 1% by the limited partnership's general partner, NHC/Delaware, Inc. National HealthCare Corporation owns 100% of NHC/Delaware, Inc. NHC/OP, L.P. also owns 100% in numerous nursing facilities, assisted living, homes for the aged and home health care organizations in seven southeastern states. Eighteen (18) of NHC/OP, L.P.'s thirty-two (32) licensed Homecare agencies are located within Tennessee.

Service Area Demographics

NHC Homecare, Springfield will add Macon County to its existing six (6) county service area.

- The total population of Macon County is estimated at 22,957 residents in calendar year (CY) 2013 increasing by approximately 4.1% to 23,894 residents in CY 2017.
- The overall statewide population is projected to grow by 3.7% from 2013 to 2017.
- The 65 and older population will increase from 15.2% of the general population in 2013 to 16.8% in 2017. The statewide 65 and older population will increase from 14.5% in 2013 of the general population to 15.8% in 2017.
- The latest 2013 percentage of the Macon County population enrolled in the TennCare program is approximately 25.3%, as compared to the statewide enrollment proportion of 18.4%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Service Area Historical Utilization

The trend of home health patients served in the proposed expanded service area of Macon County is presented in the table below:

	Number of Licensed Agencies (2012)	Number of Home Health Agencies that Served (2012)	2010 Home Health Patients	2011 Home Health Patients	2012 Home Health Patients	2010-2012 Percent Changed
Macon	23	12	703	733	837	+19.1%

Source: 2010-2012 Home Health Joint Annual Report and DOH Licensure Applicable Listings

*Unduplicated Count,

**Coram specialty Infusion Services did not start service until January 2013

The chart above demonstrates there has been a 19.1% increase in home health patients served in Macon County between 2010 and 2012.

The following chart identifies each agency's market share (agency patients from service area/total service area patients) and patient origin (agency service area patients/agency total patients).

2012 Home Health Agency Service Market Share and Patient Origin

Licensed Agency	Agency Patients From Service Area	% Market Share	Total Patients Served	Service Area Dependence
Cumberland River Homecare	21	2.51%	236	8.90%
Amedisys Home Health (Cumberland Bend)	55	6.57%	2,943	1.87%
Amedisys Home Health (Glen Echo Rd)	0	0.00%	1,598	0.00%
Angel Private Duty and Home Health, Inc.	0	0.00%	73	0.00%
Brookdale Home Health Nashville (fka Innovative Senior Care)	0	0.00%	504	0.00%
Careall (Moved from Wilson County in 2013)	51	6.09%	1,292	3.95%
Coram Specialty Infusion Services (Started January 2013)	0	0.00%	0	0.00%
Elk Valley Health Services Inc.	0	0.00%	245	0.00%
Home Care Solutions, Inc.	8	0.96%	2,080	0.38%
Home Health Care of Middle Tennessee	16	1.91%	3,914	0.41%
Intrepid USA Healthcare Services	0	0.00%	920	0.00%
Suncrest Home Health	307	36.68%	6,710	4.58%
Vanderbilt Community & Home Services	0	0.00%	1,230	0.00%
Willowbrook Home Health Care Agency	0	0.00%	2,149	0.00%
Highland Rim Home Health Agency	0	0.00%	495	0.00%
NHC Homecare, Springfield	15	1.79%	3,269	0.46%
Highpoint Homecare (Smith)	47	5.62%	280	16.79%
Highpoint Homecare (Sumner)	4	0.48%	738	0.00%
Friendship Home Health, Inc.	243	29.03%	1,345	18.07%
Vanderbilt HC Affiliated w/Walgreens IV & RT Svcs	0	0.00%	86	0.00%
American National Home Health	27	3.23%	358	7.54%
Deaconess Homecare I	0	0.00%	1,210	0.00%
Gentiva Health Services	43	5.14%	1,482	2.90%
Service Area Total	837			

Source: 2012 Joint Annual Report

The chart above reveals the following market share information and patient origin information:

- Even though there are twenty-three (23) home health agencies that are licensed in Macon County, only two (2) agencies had market share in excess of 10%: Friendship Home Health, Inc. (29.03%) and Suncrest Home Health. (36.68%). These two agencies accounted for over 66% of the market share. Four other agencies had market share in the 5%-10% range: Gentiva Health Services (5.14%), Highpoint Homecare (5.62%), Careall (6.09%), and Amedisys-Cumberland Bend (6.57%).

- Of the twenty-three (23) licensed home health agencies there were two (2) agencies whose dependence on patients from Macon County were greater than 10%: Highpoint Homecare (Smith) (16.79%) and Friendship Home Health, Inc. (18.07%).

Project Cost

Major cost(s) are:

- CON Filing Fee- \$3,000 or 100% of total cost

Project Utilization

A total of 33,500 patient visits is projected in Year One (2014) and 34,850 visits in Year Two (2015) for NHC HomeCare, Springfield. In the supplemental response, projected utilization for Macon County only following completion of the proposed project is 1,000 visits in Year 2014 and 1,050 visits in Year 2015.

Historical Data Chart

- According to the Historical Data Chart NHC Homecare-Springfield experienced profitable net operating results for the three most recent years reported: \$166,104 for 2010; \$210,404 for 2011; and \$288,483 for 2012.
- Average annual Net Operating Income (NOI) was favorable at approximately 5.9% of annual net operating revenue for the year 2012.

Projected Data Chart

The Projected Data Chart for NHC HomeCare-Springfield reflects \$5,200,000.00 in total gross revenue on 33,500 patient visits during the first year of operation and \$5,400,000 on 34,850 patient visits in Year Two (approximately \$155.00 per patient visit). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$333,600 in Year One increasing to \$359,570 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach \$4,439,970 or approximately 82.2% of total gross revenue in Year Two.
- Charity care at approximately .11% of total gross revenue in Year One and Year Two equaling to \$6,000 and \$7,000, respectively.
- Charity Care calculates to 39 patient visits per year in Year One increasing to 45 patient visits per year in Year Two.

In the supplemental response, the Projected Data Chart for just Macon County alone reflects \$155,200 in total gross revenue on 1,100 patient visits during the first year of operation and \$163,000 on 1,050 patient visits in Year Two. Net

NHC HOMECARE, SPRINGFIELD

CN1310-037

DECEMBER 18, 2013

PAGE 8

operating income less capital expenditures will equal \$16,920 in Year One and \$17,896 in Year Two.

Charges

In Year One of the proposed project, the average charge per case is as follows:

- The proposed average gross charge is \$155.00/patient visit
- The average deduction is \$27/patient visit, producing an average net charge of \$128/patient visit.

Medicare/TennCare Payor Mix

- TennCare- The applicant expects no Medicaid or TennCare revenue
- Medicare- Charges will equal \$3,380,000 in Year One representing 65% of total gross revenue

The applicant currently participates in Medicare, but does not have a current contract with any TennCare MCO's. If needed, each case is negotiated on a case by case basis, which the applicant also does with all managed care and network cases.

Financing

An October 8, 2013 letter from Donald K. Daniel, NHC Senior Vice President and Controller confirms the availability of cash reserves and cash equivalents in the amount of \$74,000,000 to fund the \$3,000 proposed project.

NHC's audited financial statements for the period ending June 30, 2013 indicates \$74,634,000 in cash and cash equivalents, total current assets of \$429,425,000, total current liabilities of \$231,249,000 and a current ratio of 1.86:1.

Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Staffing

The proposed NHC HomeCare, Springfield direct care staffing in Year One including the following:

- 12.75 FTE Nursing and
- 2.75 FTE Home Health Aides and
- 7.75 FTE Physical Therapist and
- 1.50 Occupational Therapist and

NHC HOMECARE, SPRINGFIELD

CN1310-037

DECEMBER 18, 2013

PAGE 9

- .40 Speech Therapist and
- .75 Social Work

The applicant's Macon County direct patient care staffing in Year One includes the following:

- .38 FTE Skilled Nurses and
- .08 FTE Home Health Aides and
- .23 FTE Physical Therapist and
- .05 Occupational Therapists and
- .01 Speech Therapist and
- .03 Social Workers

Licensure/Accreditation

NHC Homecare, Springfield is licensed by the Tennessee Department of Health, Division of Health Care Facilities. A letter dated March 1, 2013 from the Tennessee Department of Health states NHC Homecare, Springfield's plan of correction, as a result of a recertification survey conducted on January 7-9, 2013, was acceptable.

Corporate documentation, real estate lease, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **two** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

National Healthcare Corporation, LLC has a financial interest in this project and the following:

Pending Application:

NHC Homecare, Murfreesboro, CN1310-036, has a pending application scheduled to be heard under the Consent Calendar during the December 18, 2013 Agency meeting. The application is for the addition of Franklin County to NHC HomeCare's existing Home Care License #208 which includes the following twenty-four (24) Middle Tennessee counties: Bedford, Cannon, Coffee, Clay, Cumberland, DeKalb, Davidson, Fentress, Grundy, Jackson, Macon, Marshall, Morgan, Overton, Pickett, Putnam, Rutherford, Smith, Trousdale, Van Buren, Warren, White, Williamson, and Wilson. The parent office for this Homecare Agency is located at 1923 Memorial Blvd., Suite A,

Murfreesboro (Rutherford County), Tennessee. If approved, Franklin County will be removed from the NHC HomeCare license #181 located at 915 South James Campbell Boulevard, Columbia (Maury County), Tennessee. The estimated project cost is **\$3,000**.

Outstanding Certificates of Need:

NHC/Maury Regional Transitional Care Center, CN1307-025, has an outstanding certificate of need that will expire on December 1, 2015. The CON was approved at the October 23, 2013 Agency meeting for the relocation and replacement of two (2) separately licensed nursing home facilities; NHC Healthcare Hillview and Maury Regional Hospital Skilled Nursing Unit, into one new center with a total of 112 beds. The estimated project cost is **\$18,161,272**. *Project Status: The project was recently approved.*

The Health Center of Hermitage, CN1306-022, has an outstanding certificate of need that will expire on December 1, 2015. The CON was approved at the October 23, 2013 Agency meeting for the establishment of a 90-bed nursing home by relocating 60 of the 150 nursing home beds, per TCA §68-11-1631, from the approved but unimplemented certificate of need for the Health Center of Nashville, CN1107-024A and the addition of 30 new Medicare-certified skilled nursing home beds. The 30 requested new Medicare-certified beds are subject to the 2012-2013 Nursing Home bed pool. The estimated project cost is **\$20,142,000**. *Project Status: The project was recently approved.*

NHC at Indian Path, LLC, CN1212-059A, has an outstanding certificate of need that will expire on July 1, 2015. The CON was approved at the May 22, 2013 Agency meeting for the replacement and relocation of the twenty-two (22) bed Indian Path Medical Center Transitional Care Unit and the addition of thirty (30) new Medicare certified skilled nursing home beds. The facility will relocate from Indian Path Medical Center at 2000 Brookside Drive to 2300 Pavilion Drive, Kingsport (Sullivan County), TN. The new facility will be licensed as NHC at Indian Path and will contain fifty-two (52) Medicare-only (skilled) nursing home beds. The estimated project cost was **\$10,385,615.00**. *Project Status: The project was recently approved.*

The Health Center of Nashville, LLC, CN1107-024AM, has an outstanding certificate of need that will expire on May 1, 2016. The CON was approved at the September 28, 2011 Agency meeting for the change of site and relocation of CN1002-007A for the construction of a 150 bed nursing home from 2816 Old Hickory Boulevard, Nashville (Davidson County), TN to an unaddressed site at the intersection of HWY 100 and Pasquo Road, Nashville (Davidson County),

TN. The estimated project cost was **\$23,894,100.00**. *Project Status: The Agency approved the following modifications at its October 23, 2013 meeting:*

- *An eighteen (18) month extension of the expiration date from November 1, 2014 to May 1, 2016.*
- *Reduction of 60 beds from the 150 approved beds to 90 beds*
- *Decrease in project cost by \$2,381,950 from \$23,894,100 to \$21,512,150;*
- *Other changes related to the footprint of the facility including (a) reduction in overall square footage by 8,592 SF from 86,000 SF to 77,408 SF;(b) increase in therapy gym space by 2,500 SF from 2,300 SF to 4,800 SF; (c) the addition of 3,400 SF of shelled space for potential future growth.*

NHC Healthcare–Sumner, LLC, CN1108-029, has an outstanding certificate of need that will expire on December 1, 2014. The CON was approved at the October 26, 2011 Agency meeting for the relocation of two previously approved Certificate of Need projects for 1) a sixty-two (62) bed Medicare certified nursing home project issued as CN0702-014AE and 2) the addition of thirty (30) new Medicare certified nursing home beds granted as CN0808-057AE for a project total of ninety-two (92) bed nursing home located on Nashville Pike (Hwy 31E) near Kennesaw Blvd.(on Parcels 22.01 and 24.04 on Sumner County Property tax Map 1.36, Gallatin, TN 37066). The ninety-two (92) beds will be certified as Medicare-only nursing home beds. The estimated project cost was **\$17,902,991.00**. *Project Status: A status report dated August 28, 2013 indicates NHC began site preparation work in September 2013.*

NHC Healthcare Tullahoma, CN1007-030A, has an outstanding certificate of need that will expire on December 1, 2013. The CON was approved at the October 27, 2010 Agency meeting for the relocation of CN0807-050A comprised of sixty (60) nursing home beds, and the addition of thirty (30) new Medicare certified nursing home beds for a total of ninety (90) nursing home beds from 30 Powers Ridge Road, Manchester (Coffee County), TN to a yet to be addressed site at Cedar Lane and Seventh Street, Tullahoma (Coffee County), TN. The additional thirty (30) nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2010 to June 2011 state fiscal year period. The estimated project cost was **\$14,449,438**. *Project Status: The project is complete and was licensed November 5, 2013. The Final Project Cost Report is pending.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, denied applications or pending applications for other health care organizations in the service area proposing this type of service.

Outstanding Certificates of Need:

Coram Alternative Site Services, Inc. d/b/a Coram Specialty Infusion Services, CN1205-020, has an outstanding certificate of need that will expire on November 14, 2014. The CON was approved at the September 26, 2012 agency meeting for the establishment of a home care organization and the initiation of home health services limited to provision and administration only of home infusion products and related nursing services ancillary to its pharmacy in a 38-county area in Middle Tennessee. The estimated project cost is **\$63,000**. *Project Status: Final project report is pending. Notification was received that license #624 was issued on January 30, 2013 from the Tennessee Department of Health.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME 12/2/2013

LETTER OF INTENT



0011134955

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Macon County Time which is a newspaper
(Name of Newspaper)
of general circulation in Macon, Tennessee, on or before October 10, 20 13,
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:
NHC Homecare, Springfield Home Care
(Name of Applicant) (Facility Type-Existing)

owned by: NHC/OP, L.P. with an ownership type of Limited Partnership and to be managed by: NHC/OP, L.P. intends to file an application for a Certificate of Need for: the addition of Macon County to NHC HomeCare's existing Home Care License #205 which currently includes the following counties of Cheatham, Davidson, Montgomery, Robertson, Sumner and Wilson. The parent office for this HomeCare Agency is located at 2100 Park Plaza Drive, Springfield, Robertson County, Tennessee. The estimated project costs is \$3,000. If approved, Macon County will be removed from the NHC HomeCare license #208 located at 1923 Memorial Blvd, Suite A in Murfreesboro, Rutherford County, Tennessee.

The anticipated date of filing the application is: October 15, 20 13
The contact person for this project is Bruce K. Duncan Assistant Vice President
(Contact Name) (Title)

who may be reached at: National HealthCare Corporation 100 Vine Street, 12th Floor
(Company Name) (Address)

Murfreesboro Tennessee 37130 615 / 890-2020
(City) (State) (Zip Code) (Area Code / Phone Number)
[Signature] 9/23/13 Bduncan@nhccare.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

CERTIFICATE OF NEED APPLICATION

APPLICANT: **NHC/OP, L.P., d/b/a NHC HomeCare**

**AUTHORIZED
REPRESENTATIVE:** **BRUCE K. DUNCAN
NATIONAL HEALTHCARE CORPORATION
100 VINE STREET, 12TH FLOOR
MURFREESBORO, TN 37130
615-890-2020**

PROJECT: **Add Macon County to NHC/OP, L.P. existing licensed
Home Care in Robertson County and remove Macon
County from the NHC/OP, L.P. Home Care license in
Rutherford County**

**Submitted to
the State of Tennessee
Health Services & Development Agency
161 Rosa L Parks Blvd., 3rd Floor
Nashville, TN 37243**

October 11, 2013

SECTION A:1. **Name of Facility, Agency, or Institution**NHC HomeCare

Name

2100 Park Plaza Dr.

Street or Route

Robertson

County

Springfield

City

Tennessee

State

37172

Zip Code

2. **Contact Person Available for Responses to Questions**Bruce K. Duncan

Name

Assistant Vice President

Title

National HealthCare Corporation

Company Name

bduncan@nhccare.com

Email address

100 Vine Street

Street or Route

Murfreesboro

City

TN

State

37130

Zip Code

Employee

Association with Owner

615-890-2020

Phone Number

615-890-0123

Fax Number

3. **Owner of the Facility, Agency or Institution**NHC/OP, L.P.

Name

615-890-2020

Phone Number

100 Vine Street

Street or Route

Rutherford

County

Murfreesboro

City

Tennessee

State

37130

Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

☐

B. Partnership

☐

C. Limited Partnership

☒

D. Corporation (For Profit)

☐

E. Corporation (Not-for-Profit)

☐F. Government (State of TN or
Political Subdivision)☐

G. Joint Venture

☐

H. Limited Liability Company

☐

I. Other (Specify)

☐

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

NHC/OP, L.P.'s General Partner (1%) is NHC/Delaware, Inc. and the Limited Partner (99%) is National HealthCare Corporation. NHC/OP, L.P. owns 100% in other nursing facilities in various states. **Please see Attachment "Section A, Applicant Profile - 4 Type of Ownership or Control" located at the end of the CON application on pages 3 - 66 for a copy of the Agreement of Limited Partnership, Certificate of Existence, Organization Chart and Listing of Other operations owned by NHC/OP, L.P.**

5. **Name of Management/Operating Entity (If Applicable)****Not Applicable**

Name _____

Street or Route _____

County _____

City _____

State _____

Zip Code _____

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. **Legal Interest in the Site of the Institution (Check One)**

- | | | | |
|-----------------------------|----------|--------------------------|-------|
| A. Ownership | _____ | D. Option to Lease | _____ |
| B. Option to Purchase | _____ | E. Other (Specify) _____ | _____ |
| C. Lease of <u>xx</u> Years | <u>X</u> | | |

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Please see Attachment "Section A, Applicant Profile - 6 Legal Interest in the Site" located at the end of the CON application on pages 68-76.

7. **Type of Institution (Check as appropriate--more than one response may apply)**

- | | | | |
|--|----------|---|-------|
| A. Hospital (Specify) _____ | _____ | I. Nursing Home | _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty | _____ | J. Outpatient Diagnostic Center | _____ |
| C. ASTC, Single Specialty | _____ | K. Rehabilitation Facility | _____ |
| D. Home Health Agency | <u>X</u> | L. Residential Hospice | _____ |
| E. Hospice | _____ | M. Non-Residential Substitution Based Treatment Center for Opiate Addiction | _____ |
| F. Mental Health Hospital | _____ | N. Birthing Center | _____ |
| G. Mental Retardation Institutional Habilitation Facility (ICF/MR) | _____ | O. Other Outpatient Facility | _____ |
| H. Intellectual Disability Institutional Habilitation Facility (IDIHF) (ICF/IID Formerly ICF/MR) | _____ | P. Other (Specify) _____ | _____ |

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

- | | | | |
|--|-------|---|----------|
| A. New Institution | _____ | G. Change in Bed Complement | _____ |
| B. Replacement/Existing Facility | _____ | [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] | _____ |
| C. Modification/Existing Facility | _____ | | |
| D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) _____ | _____ | H. Change of Location | _____ |
| E. Discontinuance of OB Services | _____ | I. Other (Specify) <u>add Macon Co.to the existing license #205</u> | <u>X</u> |
| F. Acquisition of Equipment | _____ | | |

9. **Bed Complement Data***Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Beds Licensed</u>	<u>Beds *CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility SNF (Medicare only)	_____	_____	_____	_____	_____
M. Nursing Facility NF (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility – SNF/NF (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
O. Nursing Facility – Licensed (non-certified)	_____	_____	_____	_____	_____
P. IDIHF	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____	_____
*CON Beds approved but not yet in service	_____	_____	_____	_____	_____

10. Medicare Provider Number 44-7276
Certification Type Home Care

11. Medicaid Provider Number N/A
Certification Type _____

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

_____ Yes

_____ No

_____ N/A

Not Applicable

13. Will this project involve the treatment of TennCare participants? Yes

The applicant does not have current contracts. Each case is negotiated on a case by case basis.

NOTE: **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. **Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility, staffing, and how the project will contribute to the orderly development of adequate and effective healthcare.**

Proposed Services & Equipment: Add Macon County to NHC/OP, L.P. existing licensed Home Care in Robertson County and remove Macon County from the NHC/OP, L.P. Home Care license in Rutherford County

Ownership Structure: NHC/OP, L.P. (Limited Partnership)

Service Area: Macon County

Need: Not Applicable, the applicant does not propose a net increase in service area.

Existing Resources: The proposed project is for the addition of Macon County to the existing service area of NHC HomeCare, Springfield. Currently, Macon County homecare patients who use NHC HomeCare for services receive those services through NHC HomeCare, Murfreesboro. By adding Macon County to the license in Springfield and removing it in Murfreesboro, NHC will be able to reduce operating cost.

Project Cost: \$3,000

Funding: The project will be funded along with working capital, from NHC's cash on hand.

Financial Feasibility: The Projected Data Chart demonstrates the project is financially feasible by year two with positive net operating income less capital expenditures.

Staffing: No additional staffing is proposed

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.
- A. For the establishment or modification of a healthcare institution describe the development of and need for the proposal. Health care institutions include:
1. Nursing Home
 2. Hospital
 3. Ambulatory Surgical Treatment Center
 4. Birthing Center
 5. Mental Health Hospital
 6. Intellectual Disability Institutional Habilitation Facility
 7. Home Care Organization (Home Health Agency or Hospice Agency)
 8. Outpatient Diagnostic Center
 9. Rehabilitation Facility
 10. Residential Hospice
 11. Nonresidential Substitution-based Treatment Center for Opiate Addiction

Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applications with construction, modification and/or renovation costs should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

The proposed project is for the addition of Macon County to the existing service area of NHC HomeCare, Springfield. Currently, Macon County homecare patients who use NHC HomeCare for services receive those services through NHC HomeCare, Murfreesboro. By adding Macon County to the license in Springfield and removing it in Murfreesboro, NHC will be able to reduce operating cost. In light of the current reimbursement system which is a perspective pay model, cost savings, where possible, are important to the viability of all healthcare providers and the public who use those services. So, while this proposal will not increase reimbursement or capacity, it will allow a more cost efficient and effective delivery of service.

- B. **Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.**

Not Applicable

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

[illegible]

- C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Hospital Based Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Burn Units
4. Cardiac Catheterization Services
5. Child and Adolescent Psychiatric Services
6. Extracorporeal Lithotripsy
7. Home Health Services
8. Hospice Services
9. Magnetic Resonance Imaging (MRI)
10. Neonatal Intensive Care Unit
11. Opiate Addiction Treatment provided through a Non-Residential Methadone Substitution-Based Treatment Centers for Opiate Addiction
12. Open Heart Surgery
13. Positron Emission Tomography
14. Radiation Therapy/Linear Accelerator
15. Rehabilitation Services
16. Swing Beds
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds
22. Discontinuation of any obstetrical or maternity service
23. Closure of a Critical Access Hospital
24. Elimination in a critical access hospital of any service for which a certificate of need is required.

NHC HomeCare, Springfield has provided home care services in the Middle Tennessee area since 1976 or for approximately 37 years.

The proposed project is for the addition of Macon County to the existing service area of NHC HomeCare, Springfield. Currently, Macon County homecare patients who use NHC HomeCare for services receive those services through NHC HomeCare, Murfreesboro. By adding Macon County to the license in Springfield and removing it in Murfreesboro, NHC will be able to reduce operating cost. In light of the current reimbursement system which is a perspective pay model, cost savings, where possible, are important to the viability of all healthcare providers and the public who use those services. So, while this proposal will not increase reimbursement or capacity, it will allow a more cost efficient and effective delivery of service.

- D. Describe the need to change location or replace an existing facility.

Not Applicable

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$2.0 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following: **Not Applicable**

1. For major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 1. Brief description of equipment including characteristics such as fixed or mobile; expected vendor and model (if known); for MRI use descriptors such as Tesla strength, open/closed bore; for linear accelerators use descriptors such as MeV strength, IMRT/IGRT/SRS capability; etc.

- 29
2. Total cost ;(As defined by Agency Rule 0720-9-.01(13)))
 - a. By Purchase or
 - b. By Lease
 3. Expected useful life;
 4. List of clinical applications to be provided; and
 5. Documentation of FDA approval.
 6. For mobile major medical equipment list all sites that the unit is currently serving and its current schedule of operations at those sites.
 - b. Provide current and proposed schedules of operations.
3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

- III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must** include:
 Please see drawing included in the Attachment "Section B, Project Description - III (A) Plot Plan" on page 78 at the end of the application.

1. Size of site (*in acres*); Acres
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients. (***Not applicable to home health or hospice agency applications***)

Not Applicable

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper. (***Not applicable to home health or hospice agency applications***)

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

Not Applicable; however, a copy of floor plan is included in the Attachment "Section B – Project Description IV Floor Plan" on page 80 at the end of the application.

- V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

1. **Existing service area by County;**
Bedford, Cannon, Coffee, Clay, Cumberland, De Kalb, Davidson, Fentress, Grundy, Jackson, Overton, Pickett, Putnam, Marshall, Morgan, Rutherford, Smith, Trousdale, Warren, White, Williamson, Wilson, VanBuren
2. **Proposed service area by County;**
Bedford, Cannon, Coffee, Clay, Cumberland, De Kalb, Davidson, Fentress, Grundy, Jackson, Overton, Pickett, Putnam, Macon, Marshall, Morgan, Rutherford, Smith, Trousdale, Warren, White, Williamson, Wilson, VanBuren
Proposing to Add Macon County to Robertson County License and remove from the Rutherford License
3. **A parent or primary service provider;**
The primary service provider is NHC/OP, L.P. d/b/a NHC HomeCare with the parent office located at 1923 Memorial Blvd, Suite A, Murfreesboro in Rutherford County.
4. **Existing branches and/or sub-units; and**

Existing branches of NHC/OP, L.P. include Cookeville, Lebanon, McMinnville, and Sparta.
5. **Proposed branches and/or sub-units.**

No additional branches proposed.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS**NEED**

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth, if applicable.
 - a. Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan. Please list each principle and follow it with a response.
 - b. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9 of the Guidelines for Growth) here.
 - c. Applications that include a Change of Site for a proposed new health care institution (one having an outstanding and unimplemented CON), provide a response to General Criterion and Standards (4)(a-c) of the Guidelines for Growth.

1. a. Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans.

While this principle focuses mainly on the goals and strategies that support health policies and programs at the individual, community, and state level that will help improve the health status of Tennesseans, this project is consistent in that it supports a continuum of care model where patients would be able to receive home bound nursing care and rehabilitative services at a stepped down cost from an acute care setting when ordered by a physician. The ultimate goal would be for all patients admitted under home care to return to a functioning level which is the least restrictive and least costly option available and one where the individual can live the healthiest life possible.

2. Access to Care

Every citizen should have reasonable access to health care.

NHC's healthcare model targets patients that are Medicare qualified beneficiaries seeking home care services as ordered by a physicians. The majority of all patients placed in home care are Medicare beneficiaries. Since Medicare is a federal insurance program covering individuals age 65 and over, as well as disabled individuals below that age, access to home care is a function of service availability in the market. In Macon County, NHC is already recognized as a home care provider. The addition of Macon County to our Springfield office and removal of said county from our Murfreesboro home care office will be seamless to patients and our referring physicians. Access will not be negatively impacted by our request.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.

The proposed project speaks to the very heart of this principle at several levels as the project helps to insure NHC can remain competitive in our existing markets by allowing economic efficiencies related to the way we operationally serve patients within the state's health care system we have been licensed to serve.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

NHC as a home care provider is surveyed the State and Federal level. Through various sources, including the Medicare.gov website and the Home Care Compare data sets, consumers can now compare and research home care providers, long term care providers and acute care providers. NHC compares favorably both at the State level and the national level regarding these measurements. Please see NHC Home Health Analysis table located in Attachment "Section C. Need – Item 1." located on page 82 at the end of the application. The attached table reflects recent quality performance. In addition, NHC's quality outcome's is also why several big health care systems are discussing establishing ACO's with NHC operations across the State of Tennessee and country.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

NHC is consistent with this principle and has a long outstanding history with developing, recruitment and retention of a quality health care workforce. NHC non-profit, Foundation for Geriatric Education, since its inception in 1982, has funded over \$2,300,000 in books and academic programs for a qualified health care workforce. The company also has a tuition reimbursement program which has funded over \$6,000,000 millions of dollars for direct tuition for students. In addition, the company runs several of its own training programs to educate long term care health care workers such as a two year administrator in training program, a dietetic internship program, certified nursing assistant program, and advanced geriatric therapy program. NHC is also active in the federal workforce development system in locations across our markets and locally in the Middle Tennessee area with the Middle Tennessee Workforce Development Board for over ten years.

Please see the attachments, Section C, Need, Item I, Principles of the State Health Plan, pages 83-84, for back up tables to this section.

1. b. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project.

1. The need for home health agencies/services shall be determined on a county by county basis.

The service area for the proposed project is Macon County. NHC HomeCare is requesting to add Macon County to its licensed HomeCare agency in Springfield and remove Macon County from its licensed HomeCare agency in Murfreesboro.

2. In a given county, 1.5 percent of the total population will be considered as the need estimate for home health services in that county.

The 1.5 percent formula will be applied as a general guideline, as a means of comparison within the proposed service area.

The Tennessee Department of Health, Division of Health Statistics Population Estimates and Projections, Tennessee Counties and the State, population estimates for 2013 and four (4) years into the future for the designated planning horizon of 2017, for Macon County is presented below. Using the Guidelines for Growth for Home Health Agency requirements of 1.5% of the population potentially using home health services, the service needs would be 358 home health visits. Please see Attachment: Section C – General Criteria – 1.B.2. Home Health Need located on page 86 at the end of the application.

County	# Patients Served in 2012	# of Agencies Serviced Macon Co. in 2012	2017 Population	1.5% Guidelines*
Macon	837	12	23,894	358

*Guideline for number in population that may need home health services in the future.

Source: 2012 JAR, Tennessee Department of Health, Population Estimates and Projections, Tennessee Counties and the State

3. Using recognized population sources, projections for four years into the future will be used.

	2013	2017
Population	22,957	23,894
Increase		937
% Increase		4.1%

Source: Tennessee Department of Health, Office of Health Statistics

4. The use rate of existing home health agencies in the county will be determined by examining the latest utilization rate as calculated in the Joint Annual Report of existing home health agencies in the service area.

Based on the number of patients served by home health agencies in the service area, an estimation will be made as to how many patients could be served in the future.

County	A # Licensed Agencies	B 2012 Population	C # of Patients Served 2012	D Use Rate (Pt/ 1000 pop	E Est. 2017 Population	F Projected Capacity (DxE)	G Projected Need .015 x E	H Net Need (G-F)
Macon	23	22,720	837	0.0368	23,894	880	358	-522
Total	23	22,720	837	0.0368	23,894	880	358	-522

Source: Division of Health Statistics, Office of Policy, Planning and Assessment, Tennessee Department of Health.

2012 Home Health Summary Report

"Home Health licensed agencies by resident counties" Department of Health Licensure

9/18/13: HSDA website

Please see Attachment: Section C – General Criteria – 1.B.2. HomeCare Need located on page 86 and Attachment Section C – General Criteria 1B.4. Inventory and Utilization on page 88 at the end of the application.

5. Documentation from referral sources:

Not Applicable – no net increase in service area is proposed.

- a. The applicant shall provide letters of intent from physicians and other referral sources pertaining to patient referral.
- b. The applicant shall provide information indicating the types of cases physicians would refer to the proposed home health agency and the projected number of cases by service category to be provided in the initial year of operation.
- c. The applicant shall provide letters from potential patients or providers in the proposed service area that state they have attempted to find appropriate home health services but have not been able to secure such services.
- d. The applicant shall provide information concerning whether a proposed agency would provide services different from those services offered by existing agencies.

6. The proposed charges shall be reasonable in comparison with those of other similar facilities in the service area or in adjoining service areas.

- a. The average cost per visit by service category shall be listed.
- b. The average cost per patient based upon the projected number of visits per patient shall be listed.

Charges are comparable to other home health agencies servicing Macon County. Please see Attachment: Section C – Economic Feasibility – 6b Estimated Rates on page 135 at the end of the application.

Section C, Item 1 (General Criteria)

- c. **Applications that include a Change of Site for a proposed new health care institution (one having an outstanding and unimplemented CON), provide a response to General Criterion and Standards (4)(a-c) of the Guidelines for Growth.**

Criteria and standards found on pages 6-7 of Tennessee's Health, Guidelines for Growth, Criteria and Standards for Certificate of Need 2000 Edition.

- 1) Need. The health care needed in the area to be served may be evaluated upon the following factors:

(a) The relationship of the proposal to any existing applicable plans;

The proposed project has been compared to the criteria and standards of the Tennessee's Health, Guidelines for Growth, Criteria and Standards for Certificate of Need 2000 Edition. As such, the project compares favorably with the Guidelines for Growth in terms of need, orderly development, and economic feasibility. Please see Question (1)(a) Section C for a full discussion of the relationship of the proposal to the Guideline for Growth.

(b) The population served by the proposal;

Macon County's population is projected to grow by 4.1% from 2013 to 2017, according to The Office of Health Statistics, Bureau of Health Information, Tennessee Department of Health, Population Estimates and Projections, Tennessee Counties and the State.

The population of Macon County is characterized by a number of elderly residents. The age 65+ population in Macon County is projected to increase from 3,488 to 4,012, from 2013 to 2017 respectively (**The Tennessee Department of Health, Office of Health Statistics Population Estimates and Projections, Tennessee Counties and the State**) The primary population to be served by the proposal is those over the age of 65. Please see Question (3)(A), Section C.

(c) The existing or certified services or institutions in the area;

There are currently twenty-three licensed homecare agencies in Macon County. Please see Question (4), Section C.

(d) The reasonableness of the service area;

The service area for the proposed project is Macon County. The reasonableness of the area relates to the origin of NHC HomeCare patients coming from Macon County based on historical data. Please see Question (2), Section C.

(e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, and low-income groups;

The proposed project is accessible to all consumers, including women, racial and ethnic minorities, and low-income groups who are eligible for Medicare coverage. Please see Question (3)(B), Section C.

(f) Comparison of utilization/occupancy trends and services offered by other area providers;

Macon County currently has 23 licensed agencies. Of the 23 agencies, ten (10) agencies did not serve any patients as reported in the 2012 Joint Annual Report. In addition, two (2) agencies served ten (10) patients or less and one new agency was licensed in 2013. . However, based on our firsthand knowledge in Macon County, and the Tennessee Guidelines for Growth, continued homecare services are certainly needed.

(g) The extent to which Medicare, Medicaid, and medically indigent patients will be served by the project.

HomeCare services are typically used by individuals who are eligible for Medicare coverage. TennCare and other indigent patients are served by NHC HomeCare on a case by case basis.

2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:

(a) Whether adequate funds are available to the applicant to complete the project;

The proposed project has available cash reserves to complete the project. The appropriate documentation has been included reflecting the financial position of the company. Please see Question (7), Section C.

(b) The reasonableness of the proposed project costs;

The proposed project cost is simply the filing fee required by HSDA. No other project cost is applicable.

(c) Anticipated revenue from the proposed project and the impact on existing patient charges;

The proposed project will have anticipated revenue almost entirely from Medicare. In terms of impact, existing patient charges will not change other than for inflation. Please see Question (9-10), Section C.

(d) Participation in state/federal revenue programs;

The proposed project is accessible to all consumers eligible for Medicare coverage. The proposed project will have anticipated revenue almost entirely from Medicare. Please see Question (9-10), Section C.

(e) Alternatives considered;

The project as proposed, is the result of considering several alternatives. In addition, we believe the project as proposed is the best alternative. Please see Question (12), Section C.

(f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

The project being considered reflects the most effective and less costly alternative available. Very few alternatives and less costly choices are available when an individual needs Medicare services. Please see Question (12), Section C.

3) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:

a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, affiliation of the project with health professional schools);

NHC HomeCare has informal working relationships with area health care providers. Those existing relationships will benefit both the project and its customers. Please see Question (13), Section C for a full discussion. In addition, NHC HomeCare has affiliation with health professional schools in

the area, which allows for student internships and residencies. Please see Question (16), Section C for a listing of NHC HomeCare participation in training programs.

b) The positive or negative effects attributed to duplication or competition;

We believe the effects of the project will be positive. In addition, since no capacity is changing in Macon County, the elements of competition and duplication do not apply. Please see Question (14), Section C for additional discussion of the effects of the proposal.

c) The availability and accessibility of human resources required by the proposal, including consumers and related providers;

The existing staff is currently in place for the proposal.

4) Applications for Change of Site.

Not Applicable

- 1. Describe the relationship of this project to the applicant facility's long-range development plans, if any.**

At NHC, our company motto is Care is Our Business. NHC's long-range development plans for Macon County is quite simple, to provide quality post-acute care services to meet the needs of the citizens of Macon County. As an existing provider in Macon County, we are keenly aware of the importance of being sensitive to growing and/or changing needs within the community as it relates to post-acute care. This application however, does not seek to increase market area or services, but merely to create operational efficiencies within a market we are already licensed to serve.

2. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit a map on 8 ½ x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

The service area for this proposed project is Macon County. This is a reasonable area since home care services are provided within a patient's home. NHC currently sees patients in Macon County through its Murfreesboro HomeCare license but is seeking to shift Macon County to its Springfield homecare license for operational efficiencies. **Please see the county level map in Attachment "Section C. General Criteria - 3 Service Area Map" located on page 90 at the end of the application.** The continued growth in the population group aged 65 and above as documented support the continued need for and existence of high quality of care home care services in Macon County.

4. A. 1) Describe the demographics of the population to be served by this proposal.

Macon County's population is projected to grow by 4.1% from 2013 to 2017, according to The Office of Health Statistics, Bureau of Health Information, Tennessee Department of Health, Population Estimates and Projections, Tennessee Counties and the State. OCT 11 '13 AM 9:11

The population of Macon County is characterized by a number of elderly residents. The age 65+ population in Macon County is projected to increase from 3,488 to 4,012, from 2013 to 2017 respectively (The Tennessee Department of Health, Office of Health Statistics Population Estimates and Projections, Tennessee Counties and the State) The primary population to be served by the proposal is those over the age of 65

Please see Attachment Section C – General Criteria – 4A Demographics of the Population Served on page 94 at the end of the application.

2) Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area:

<i>Demographic Variable/ Geographic Area</i>	<i>Macon</i>	<i>State of Tennessee Total</i>
Total Population – Current Year – 2013	22,957	6,528,014
Total Population – Projected Year - 2017	23,894	6,772,022
Total Population – % Change	4.08%	3.74%
*Target Population – 65+ Current Year - 2013	3,488	950,177
*Target Population – 65+ Projected Year - 2017	4012	1,072,143
Target Population – 65+ % Change	15.0%	12.8%
Target Population 65+ – Projected Year (2017) as % of Total	16.8%	15.8%
Median Age - 2010 Census	38	38
Median Household Income ('07-'11)	34,747	43,989
TennCare Enrollees - June '13	5,890	1,194,908
TennCare Enrollees as a % of Total Population - 2013	25.7%	18.3%
Persons Below Poverty Level	*	*
Persons Below Poverty Level as % of Total ('07 - '11)	23.9	16.9

Source: TN Dept of Health, Office of Health Statistics, US Census Bureau and
Bureau of TennCare

* Census Bureau only reports as %

- * Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for the discontinuance of OB services would mainly affect Females Age 15-44; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. For projects not having a specific target population use the Age 65+ population for the target population variable.

- B. **Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.**

NHC HomeCare is proposing the addition of Macon County to its Springfield license and the removal of said county from its Murfreesboro license. No change in services or market areas is being proposed. The services which are offered by this proposal address special needs of the senior population which are addressed through home care services. While accessibility is not the issue regarding the proposal, approval will help to create operational efficiencies.

It is and will continue to be NHC's policy to be readily accessible to consumers. NHC will continue to train staff and volunteers in the latest appropriate care regimens. In addition, the agency is also available for student training programs in conjunction with local community colleges and universities.

NHC's quality of care standards apply equally to all patients, regardless of ability to pay.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, average length of stay and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. Projects including surgery should report the number of cases and the average number of procedures per case.

Please see the following requested information relating to the home care agencies within the service area, which was gathered from the 2012, 2011 and 2010 Joint Annual Report for Home Health Agencies for a description of existing agencies in the area and their most recent published utilization data. Please see Attachment Section C – General Criteria – 5 Service Area JAR Report on page 95 at the end of the application.

Total Patients Served in Macon County by Agency

Agency	Base County	Total Patients		
		2010	2011	2012
Cumberland River Homecare	Clay	15	44	21
Amedisys Home Health (C Bend)	Davidson	0	0	0
Amedisys Home Health (Glen Echo)	Davidson	38	42	55
Angel Private Duty and HH	Davidson	0	0	0
Elk Valley Health Services	Davidson	1	0	0
Home Care Solutions	Davidson	4	5	8
Home Health Care of Mid TN	Davidson	22	25	16
Innovative Senior Care Home Health	Davidson	0	0	0
Intrepid USA Healthcare	Davidson	0	0	0
Suncrest Home Health	Davidson	203	197	307
Vanderbilt Community & Home	Davidson	0	0	0
Willowbrook Home Health	Davidson	0	1	0

Highland Rim Home Health	46	Putnam	0	2	0
NHC HomeCare		Rutherford	8	17	15
Highpoint HomeCare		Smith	64	69	47
Highpoint		Sumner	2	6	4
Friendship		Warren	204	216	243
Vanderbilt HC Affiliated		Williamson	0	0	0
American National Home Health		Wilson	2	12	27
Careall (1)		Wilson	89	60	51
Deaconess Homecare I		Wilson	2	4	0
Gentiva Health Services		Wilson	49	33	43
Total			703	733	837

(1) Careall received a CON on 10/24/12 to relocate their parent office from Wilson Co. to Davidson Co.; however, 2012 JAR data is based on parent being located in Wilson Co.
Source: TN JAR Summary Report for Home Health Agencies 2010, 2011, 2012 Report 6

Coram Speciality Infusion Services was licensed on 1/30/13 to service Macon County.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization through the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

Utilization data for NHC Home Care, Springfield for each of the past three (3) years.

	<u>2010 PATIENTS</u>	<u>2011 PATIENTS</u>	<u>2012 PATIENTS</u>
NHC Home Care, Springfield (Parent Office Total)	881	892	931

Annual utilization for each of the two (2) years following completion of the project.

	<u>2014 PATIENTS VISITS</u>	<u>2015 PATIENTS VISITS</u>
NHC Home Care, Springfield (Macon County)	33,500	34,850

Please see Attachment, Section C, Economic Feasibility – 4, Projected Data & Historical Data Assumptions, p. 120 for the details and methodology used to project utilization.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a licensed architect or construction professional that support the estimated construction costs.

Please provide a letter that includes:

- 1) A general description of the project
- 2) Estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements and
- 3) Attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the most recent AIA Guidelines for Design and Construction of Hospital and Health Care Facilities.

The only cost involved in the project is the administrative time involved in the research, preparation, and presentation of the application.

NHC/OP, L.P. currently employs the necessary staff to implement the project

Please see Attachment "Section C - Economic Feasibility – 1 Project Cost Chart" located on page 103 at the end of the application.

2. Identify the funding sources for this project.

- a. **Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)**

The proposed project has the following source of funds: A commitment of capital cost reflected on Project Cost Chart has been secured from National Health Investors, Inc. Additionally, a commitment of working capital has been secured from National HealthCare Corporation. Debt incurred for the project will be retired as reflected on Projected Data Chart.

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F. Other--Identify and document funding from all other sources.

Please see letter indicating the required information in Attachment "Section C Economic Feasibility - 2" located on page 105 at the end of the application.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

The proposed project is not projecting any capital cost, only the filing fee for the project. Please see the Projected Costs Chart.

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management fees to Non-Affiliates" should also include any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology, legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.

Please see Attachment "Section C Economic Feasibility – 4 Historical & Projected Data Chart" located on page 120 at the end of the application.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge. The Projected Data Chart was used as the source for the requested calculations.

	Year One (Patient Visits 33,500)	Year Two (Patient Days 34,850)
Average Gross Charge	\$155.22	\$154.95
Average Deduction	\$ 27.75	\$ 27.55
Average Net Charge	\$127.47	\$127.40

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

The proposed charge schedule for year one of the proposal is as follows:

(Medicare)	<u>Current</u>	<u>Proposed</u>
Skilled Nursing Visit	\$ 155.00	\$155.00
Home Health Aide Visit	\$ 80.00	\$ 80.00
Physical Therapy Visit	\$200.00	\$200.00
Occupational Therapy Visit	\$200.00	\$200.00
Speech Pathology Visit	\$200.00	\$200.00
Medical Social Work Visit	\$ 185.00	\$185.00

There will be no adjustment to the current charge schedule as a result of this proposal.

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).**

The proposed charges are reasonable in comparison with those of other similar agencies because all agencies are paid the same based on prospective pay under the Medicare program. The rates used for the projections for the proposed county addition to NHC HomeCare, Springfield were the actual NHC HomeCare, Springfield rates projected forward to licensure date. Please see attached Report for Home Health Agencies, Dept. of Health, Report 3 for a listing of Financial Data on Charge/Cost per Visit/Hour by Discipline. Please note that the referenced Report 3 is provided for Murfreesboro/Rutherford County as that is the NHC HomeCare licensed office which currently serves Macon County.

Please see Attachment "Section C – Economic Feasibility – 6b Estimated Rates" on page 126 at the end of the application for a comparison of the proposed charges to those of similar facilities in Macon County. Please note that Medicare reimburses providers via a perspective payment system. Providers are compensated equally based on the particular service rendered.

- 7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness; how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.**

The projected utilization rates are sufficient to maintain cost-effectiveness. This application seeks only to add Macon County (by transferring from another NHC HomeCare Provider) to this agency's license. NHC HomeCare—Springfield was established in 1984. Please see the historical financial statements for the past three years that are included in this application which show the historical profitability of this agency. Since the application seeks only to add an additional county, no new administrative costs would be required. Please also see the proforma Projected Data Chart located in the Attachments to this CON application on page 123 for a two-year projection showing proforma.

- 8. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.**

NHC HomeCare, as do most homecare providers, receive primarily reimbursement from Medicare. Additional payment sources include but are not limited to private insurance, private fund patients and TennCare on a case by case basis. NHC/OP, L.P. projects that 65% of the patient revenue from adding Macon County will be comprised of Medicare funded patients. This estimate is consistent with NHC's Murfreesboro HomeCare license experience. The estimated Medicare net revenue for year 1 is \$3,380,000.

Source: Attachments, page 123 of the financial proforma assumptions.

- 9. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.**

Please see Attachment "Section C Economic Feasibility - 2 pages 106 at the end of the application for the most recent audited financial statements for NHC (year end 12/31/2012) and the most current available 10Q, dated 6/30/13.

10. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

OCT 11 '13 AM 9:11

After compiling all of the facts, it was decided that the best alternative would be to add Macon County to the NHC HomeCare license in Springfield and remove it from the NHC HomeCare, Murfreesboro license rather than any of the alternatives considered. The advantages of this alternative are numerous and the disadvantages are minimal. On October 1, 2000 Medicare (CMS) converted the payment method for home health care agencies from per visit to per episode and at the same time changed from a cost reimbursement (under the per visit method) to the perspective payment (PPS under the per episode method). As all other payers, with the exception of Medicare, continue to recognize the "visit" as the payment unit for home health, visits continue to be indicative of the resources, etc. for home health agencies.

- (a) Do nothing at this time. This alternative was not selected. Both referenced licensed NHC agencies, Springfield and Murfreesboro, share common ownership and corporate oversight. The approval of this project will allow Macon County to be served more efficiently and cost effectively by the licensed agency closest to the county. One reason agencies do not serve counties they are licensed in is the expense can outweigh the reimbursement. Macon County as of the last reported data for 2011-2012 showed that ten (10) agencies did not serve any patients during that time period. (2011-2012 Joint Annual Report Data and TN Board of Licensing Summary Data). By allowing Macon County to be added to the Murfreesboro license expenses can be lowered making it easier to provide more service within the county.
- (b) Discontinue NHC HomeCare services in Macon County out of NHC's Murfreesboro license. This proposal was considered but rejected because NHC is seeing patients in Macon County. According to the 2011-2012 Joint Annual Report and the State of Tennessee Board of Licensing Summary Data, of the 22 agencies licensed to provide services in Macon County, ten (10) agencies served no patients during 2011-2012 reporting period. Twelve of the agencies served ten (10) or fewer patients during the same time period. NHC is providing services in Macon County currently, and believes it is important to continue providing homecare services. Based on the current reimbursement program by Medicare, agencies are no longer reimbursed by cost but are now reimbursed by episode. Consequently, it's very important for agencies to keep their cost as reasonable as possible.
- (c) Request to add Macon County to the Springfield license and continue to serve Macon County out of the NHC HomeCare, Murfreesboro license. This option was rejected. The reason for changing Macon County from the NHC Murfreesboro license to the NHC Springfield license is to save operating expense required to travel to Macon County to see patients. As the Springfield licensed agency can serve Macon County patients more efficiently and cost effectively, it would not make sense to serve the same patients out of another agency at a higher cost to the agency.
- (d) Add Macon County to NHC's existing NHC HomeCare in Springfield and remove Macon County from the NHC HomeCare, Murfreesboro license. This proposal has been chosen because it is both economically and operationally feasible to carry out this proposal. This proposal is also being pursued because it meets the current and projected needs of Macon County. The proposed project is also economically feasible to carry out. After compiling all of the facts, it was decided that the best alternative would be to add Macon County to the NHC HomeCare, Murfreesboro license and remove it from the NHC HomeCare, Springfield license.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

Not Applicable, the proposed project has little to no cost associated with it. Furthermore, the project does not increase capacity in the service area. The project does improve the efficiency in terms of all the possible alternatives considered.

(III.) CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. **List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.**

NHC HomeCare has working relationships with numerous health care providers. A list of providers from whom the agency has received referrals for the past year is attached.

Transfer agreements will be established between all relevant health care providers in the community including but not limited to the following:

Summitt Medical Center
 Baptist Hospital
 Centennial Medical Center
 St. Thomas Hospital
 Vanderbilt University Hospital
 Nashville Rehabilitation Hospital
 University Medical Center
 Department of Veterans Affairs
 Vanderbilt Dialysis Clinic
 DCI Summit
 Dialysis Clinic, Inc.
 Medic One, Inc.
 Empact Medical Services
 Woodbury Clinical Laboratory
 Network Pharmacy
 Other Area Nashville, Macon County and surrounding health care providers

2. **Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.**

NHC/OP, L.P. is requesting to add Macon County to its Springfield license and remove Macon County from its Murfreesboro license, thus enabling a more centralized location for staff to serve Macon County and in the process create greater efficiencies. The results are seen to have only positive effects for both the citizens of Macon County, who need home care services, and to NHC HomeCare operationally.

National HealthCare Corporation is one of the largest providers of long-term care services in the State of Tennessee, of which NHC/OP, L.P. is a subsidiary. NHC HomeCare is committed to providing the highest quality of care at maximum efficiency. Through the proposed project, NHC will continue with its commitment to improve both efficiency and care. As reimbursement is no longer a reflection of cost, it is important to the survival of homecare operations to reduce cost where possible.

This project will serve the residents of Macon County, and the residents of Tennessee as a whole, by continuing to provide alternatives in healthcare services. The proposed project will serve as a referral source for physicians and area hospitals.

3. **Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.**

Staff salaries used in the financial projects are reasonable in comparison with prevailing wage patterns in the area. We know this to be true based on our ability to currently staff home care services to the required levels in and around Macon County as well as all of our other operations across the State of Tennessee and the other states we operate in presently. Wage and salaries used in the proforma projections are consistent with what is offered in other NHC HomeCare operations in the market area and inflated forward to agency opening operations. Surveys conducted by the Tennessee Department of Labor and Workforce Development by area allow NHC to remain competitive with staff salaries in comparison with prevailing wage patterns in the area.

The anticipated staffing is not expected to change as a result of this project. Please note that therapy services are provided through contract.

Please see Attachment "Section C Economic Feasibility – 4" located on page 124a at the end of the application for the current and/or anticipated staffing pattern for all employees providing patient care for the project reported using FTEs for these positions.

Please see Attachment "Section III Contribution of Orderly Development – 3" located on page 128 at the end of the application for the for the comparison of the clinical staff salaries to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development.

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4. **Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Substance Abuse Services, and/or the Department of Intellectual and Developmental Disabilities licensing requirements.**

Please see Attachment "Section C Economic Feasibility – 4" located on page 124a at the end of the application for a listing of projected human resources required by the proposal per the licensing requirements of the Department of Health. No additional staff are required as part of this proposal. In terms of human resources, this is merely an administrative paperwork change that will go undetected by the patients we care for in the service area.

5. **Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.**

The applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. Specifically, the applicant is familiar with the Rules of The Tennessee Department of Health Board For Licensing Health Care Facilities, Chapter 1200-08-26 Standards For Homecare Organizations Providing Home Health Services.

6. **Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

NHC/OP, L.P. participates in training nursing students. NHC has contracted with the following institutions as a participant in their training programs:

- 1) Middle Tennessee State University
- 2) Cumberland University
- 3) Tennessee Tech

7. (a) **Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Substance Abuse Services the Department of Intellectual and Developmental Disabilities, and/or any applicable Medicare requirements.**

The applicant has reviewed and understands the licensure requirements of the Department of Health, and/or any applicable Medicare and Medicaid requirements.

- (b) **Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.**

Licensure: licensed by the State of Tennessee to provide home care services

Accreditation: Not Applicable

- (c) **If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.**

Please see Attachment "Section III Contribution of Orderly Development – 7b" located on page 132 at the end of the application for a copy of the license held by the applicant.

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction. Please also discuss what measures the applicant has or will put in place to avoid being cited for similar deficiencies in the future.

Please see Attachment Section III Contribution of Orderly Development – 7d located on page 134 at the end of the application for a copy of the most recent licensure/certification inspection with an approved plan of correction.

9. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Not Applicable, None.

10. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

Not Applicable, None.

11. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

If approved, the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required. The applicant files a Joint Annual Report Annually

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Please see "Attachment – Proof of Publication" located on page 141 and the "Letter of Intent" located on page 143 at the end of the application.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Please note that Tennessee Code Annotated 68-11-1607(c)(3) states that "...Within ten (10) days of filing an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the country mayor of the county in which the facility is proposed to be located, the member of the House of Representatives and the Senator of the General Assembly representing the district in which the facility is proposed to be located within the corporate boundaries of a municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution based treatment center for opiate addiction has been filed with the agency by the applicant."

Please provide this documentation.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Form HF0004
Revised 08/01/2012
Previous Forms are obsolete

PROJECT COMPLETION FORECAST CHART

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Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): 12/18/13

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	_____	_____
2. <u>Construction documents approved by the Tennessee Department of Health</u> **	_____	_____
3. <u>Construction contract signed</u>	_____	_____
4. <u>Building permit secured</u>	_____	_____
5. <u>Site preparation completed</u>	_____	_____
6. <u>Building construction commenced</u>	_____	_____
7. <u>Construction 40% complete</u>	_____	_____
8. <u>Construction 80% complete</u>	_____	_____
9. <u>Construction 100% complete (approved for occupancy)</u>	_____	_____
10. <u>*Issuance of license</u>	60	02/14
11. <u>*Initiation of service</u>	60	02/14
12. <u>Final Architectural Certification of Payment</u>	_____	_____
13. <u>Final Project Report Form (HF0055)</u>	_____	_____

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.


Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

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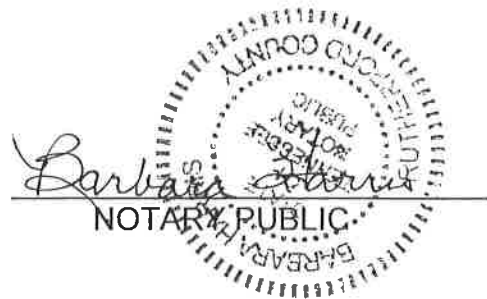
STATE OF TennesseeCOUNTY OF Rutherford

Bruce K. Duncan, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

 /Assistant Vice President
SIGNATURE/TITLE

Sworn to and subscribed before me this 7th day of October, 2013 a Notary
(Month) (Year)

Public in and for the County/State of Rutherford/Tennessee.



My commission expires 9-20, 2015.
(Month/Day) (Year)

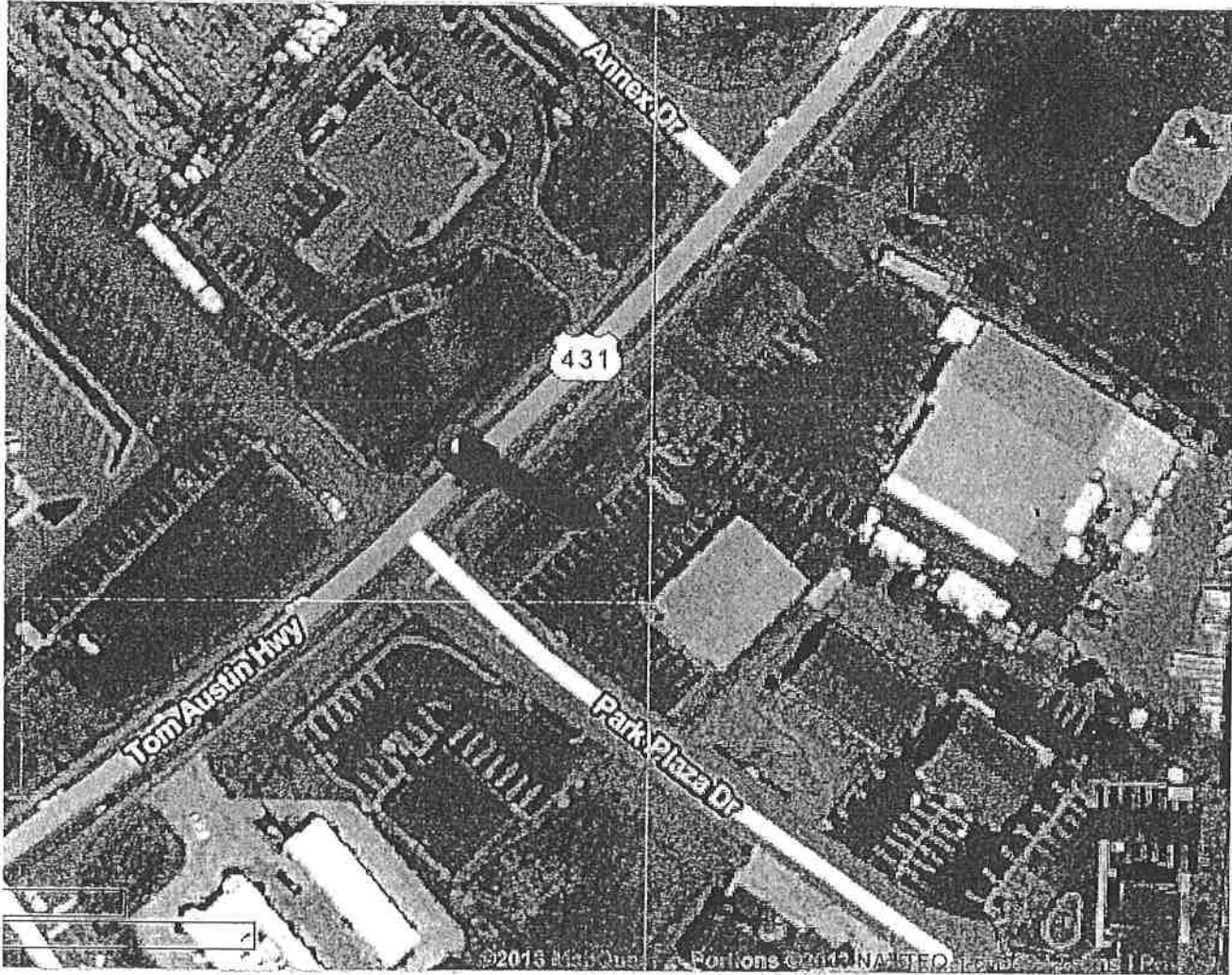
ATTACHMENTS

Section B - Project Description - III (A)

Plot Plan

NHC HomeCare, Springfield

< 1 Acre



Section B - Project Description - IV

Floor Plan

A

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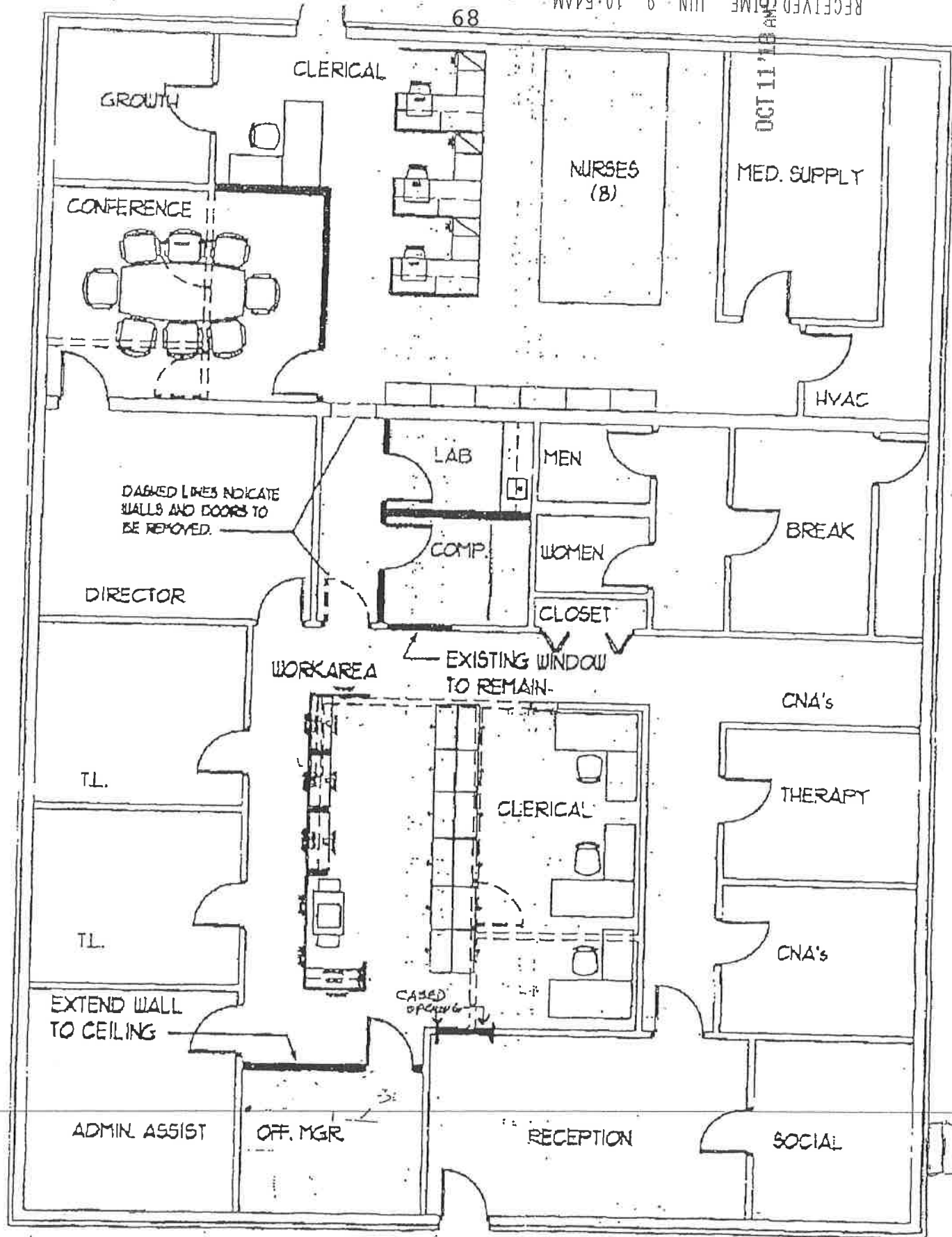


EXHIBIT 'A'

5-24-96

Section C Need Item 1
Principles of the State Health Plan

**NHC HomeCare, Springfield Home Health Comparison
to existing Home Health Agencies Licensed in Macon County**

Agency	Base County	Preventing Unplanned Hospital Care		Patient Survey Results				
		Urgent/Unplanned Care In ER - w/out being admitted to hospital	Patients had to be admitted to hospital	Often hh team gave care in a professional way	Well hh team communicate w/patients	HH team discuss meds, pain & home safety	How do Pts rate overall care	Recommend hh agency to friends
Tennessee Average		12%	12%	90%	88%	85%	87%	83%
National Average		18%	17%	88%	85%	84%	84%	79%
NHC HomeCare - Springfield (Proposed Relocation)	Robertson	11%	16%	91%	89%	82%	82%	79%
1 Cumberland River Homecare	Clay	13%	15%	93%(1)	85%(1)	87%(1)	83%(1)	80%(1)
2 Amedisys Home Health (C Bend)	Davidson	11%	19%	89%	87%	82%	84%	84%
3 Amedisys Home Health (Glen Echo)	Davidson	12%	17%	91%	89%	87%	85%	84%
4 Angel Private Duty and HH	Davidson	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5 Coram Specialty Infusion Services	Davidson	Licensed 1/30/13						
6 Elk Valley Health Services	Davidson	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7 Home Care Solutions	Davidson	12%	18%	94%	89%	86%	88%	88%
8 Home Health Care of Mid TN	Davidson	14%	18%	90%	86%	83%	84%	82%
9 Innovative Senior Care Home Hlth	Davidson	13%	19%	85% (1)	84%(1)	77%(1)	80% (1)	75% (1)
10 Intrepid USA Healthcare	Davidson	12%	16%	86%	84%	78%	79%	74%
11 Suncrest Home Health	Davidson	10%	18%	87%	86%	83%	87%	81%
12 Vanderbilt Community & Home	Davidson	10%	16%	91%	88%	81%	88%	86%
13 Willowbrook Home Health	Davidson	12%	18%	93%	92%	89%	92%	91%
14 Highland Rim Home Health	Putnam	11%	16%	92%	86%	83%	85%	88%
15 NHC HomeCare - Murfreesboro	Rutherford	13%	18%	90%	89%	85%	87%	86%
16 Highpoint HomeCare	Smith	8%	28%	95%	90%	90%	91%	87%
17 Highpoint	Sumner	12%	17%	94%	91%	87%	90%	86%
18 Friendship	Warren	10%	18%	87%(1)	80%(1)	87%(1)	78%(1)	67% (1)
19 Vanderbilt HC Affiliated	Williamson	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20 American National Home Hlth	Wilson	15%	20%	91%	86%	89%	90%	79%
21 Careall (2)	Wilson	14%	15%	89%	87%	81%	83%	80%
22 Deaconess Homecare I	Wilson	13%	13%	90%	87%	84%	86%	77%
23 Gentiva Health Services	Wilson	9%	18%	91%	91%	86%	90%	87%

(1) Fewer than 100 patients completed the survey. Use the scores shown, with caution as the number of surveys may be too low to accurately tell how an agency is doing.

(2) Careall received a CON on 10/24/12 to relocate their parent office from Wilson County to Davidson County.

Source: Medicare.gov website Home Health Compare

TFGE \$ DONATED / RAISED

	<u>Donated</u> (Includes Books Reimbursements and Scholarship Reimb.)	<u>Raised</u> (Includes Misc. Donations)
2012	118,380.81	246,914.05
2011	97,575.41	273,966.08
2010	95,846.41	255,565.38
2009	89,518.81	247,004.13
2008	98,100.69	237,127.02
2007	173,507.81	216,378.60
2006	87,697.96	237,499.23
2005	116,725.40	224,599.34
2004	119,938.62	197,375.33
2003	103,846.70	200,715.86
2002	134,792.43	208,015.89
2001	71,782.36	161,325.43
2000	92,735.89	185,882.04
1999	117,636.23	234,488.98
1998	151,001.92	165,649.47
1997	133,007.00	171,180.00
1996	76,880.98	179,357.69
1995	71,618.25	162,775.60
1994	54,768.51	175,020.38
1993	51,246.39	144,138.33
1992	52,150.48	146,688.42
1991	40,821.04	119,167.91
1990	31,474.02	82,806.09
1989	37,795.59	68,438.41
1988	24,000.00	53,708.65
1987	28,000.00	53,408.87
1986	30,000.00	50,361.12
1985	25,500.00	35,453.00
1984	29,500.00	39,138.97
1983	24,000.00	44,981.40
1982	2,000.00	
TOTAL	<hr/> \$ 2,381,849.71	<hr/> \$ 4,819,131.67

Tuition Reimbursement Contract \$ Amount

	<u>Contract Amount</u>
2012	\$402,855.00
2011	421,533.00
2010	478,168.87
2009	516,295.43
2008	486,566.94
2007	726,835.35
2006	658,558.33
2005	553,648.56
2004	740,099.99
2003	535,480.98
2002	406,632.00
2001	315,886.60
2000	281,937.56
1999	128,290.82
1998	78,340.80
1997	70,438.00
1996	26,000.00
1995	10,750.00
1994	<u>15,500.00</u>
TOTAL	\$6,853,818.23

Section C – General Criteria - 1.B.2

Home Care Need

Need Estimate for Macon County

10/8/2013

County	# of Patients Served 2012	2012 Population	Estimated 2017 Population	Estimated 2017 Need	Need
Macon	837	22,720	23,894	358	-479
Total	837	22,720	23,894	358	-479

Source: Division of Health Statistics, Office of Policy, Planning and Assessment, Tennessee Dept of Health.
2012 Home Health Summary Report

Use Rate Formula

County	A # Licensed Agencies	B 2012 Population	C # of Patients Served 2012	D Use Rate (Pt/ 1000 pop	E Est. 2017 Population	F Projected Capacity (DxE)	G Projected Need .015 x E	H Net Need (G-F)
Macon	23	22,720	837	0.0368	23,894	880	358	-522
Total	23	22,720	837	0.0368	23,894	880	358	-522

Source: Division of Health Statistics, Office of Policy, Planning and Assessment, Tennessee Department of Health.
2012 Home Health Summary Report
"Home Health licensed agencies by resident counties" Department of Health Licensure 9/18/13: HSDA website

Section C - General Criteria – 1.B.4

Inventory and Utilization

**Macon County
Patients Served**

10/8/2013

County	# Licensed Agencies	# of Patients Served 2012
Macon	23	837
Total	23	837

Source: Dept. of Health Licensure 9/18/13: HSDA website
2012 Home Health Summary Report

Home Health Agencies In:*Source: Department of Health Licensure - 9/18/2013***Macon County*****Number of Agencies Licensed for County: 23***

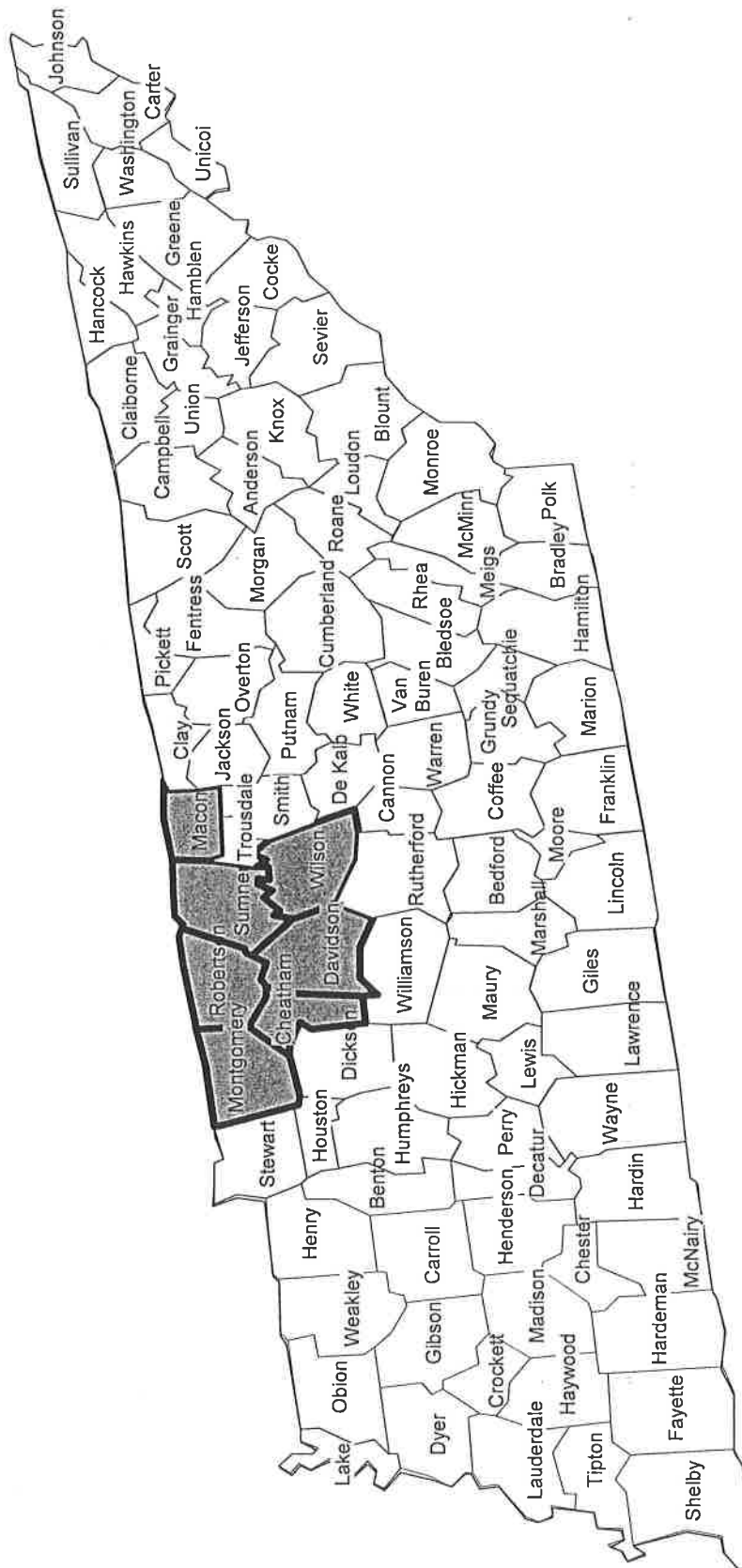
Cumberland River Homecare	(Clay)
Amedisys Home Health (Cumberland Bend)	(Davidson)
Amedisys Home Health (Glen Echo Rd)	(Davidson)
Angel Private Duty and Home Health, Inc.	(Davidson)
Careall	(Davidson)
Coram Specialty Infusion Services	(Davidson)
Elk Valley Health Services Inc	(Davidson)
Home Care Solutions, Inc	(Davidson)
Home Health Care of Middle Tennessee	(Davidson)
Innovative Senior Care Home Health	(Davidson)
Intrepid USA Healthcare Services	(Davidson)
Suncrest Home Health	(Davidson)
Vanderbilt Community & Home Services	(Davidson)
Willowbrook Home Health Care Agency	(Davidson)
Highland Rim Home Health Agency	(Putnam)
NHC Homecare	(Rutherford)
Highpoint Homecare	(Smith)
Highpoint Homecare	(Sumner)
Friendship Home Health, Inc.	(Warren)
Vanderbilt HC Affiliated w/Walgreens IV & RT Svcs	(Williamson)
American National Home Health	(Wilson)
Deaconess Homecare I	(Wilson)
Gentiva Health Services	(Wilson)

Section C – General Criteria - 3

Service Area Map

[illegible]

NHC HomeCare, Springfield Proposed Service Area



Section C – General Criteria – 5

Service Area JAR Report

REPORT 6
REPORT FOR HOME HEALTH AGENCIES 2012

HOME HEALTH AGENCIES LICENSED IN TENNESSEE
PATIENT ORIGIN BY BASE COUNTY

Resident County: McMinn

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	1,921	100.0
Bradley	336	17.5
Family Home Care, Cleveland	41	
Home Health Care of East Tennessee, Inc.	295	
Hamilton	1,067	55.5
Alere Women's and Children's Health, LLC	4	
Amedisys Home Health	815	
Continuicare Healthservices, Inc. - 1	17	
Guardian Home Care, LLC	180	
Home Care Solutions	2	
Life Care at Home of Tennessee	22	
Maxim Healthcare Services	8	
Memorial Hospital Home Health	19	
Knox	108	5.6
Camellia Home Health of East Tennessee, LLC	108	
McMinn	355	18.5
Home Care Solutions - Etowah	236	
NHC Homecare	119	
Monroe	55	2.9
Sweetwater Hospital Home Health	55	

Resident County: McNairy

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	1,038	100.0
Davidson	1	0.1
Elk Valley Health Services	1	
Decatur	289	27.8
Tennessee Quality Homecare-Southwest	41	
Volunteer Homecare of West Tennessee, Inc.	248	
Fayette	3	0.3
NHC Homecare	3	

Resident County: McNairy

(Continued)

Facility Location/Name	Patients	Percent
Hardin	344	33.1
Deaconess Homecare II	309	
HMC Home Health, LLC	35	
Madison	329	31.7
Amedisys Home Health Care	100	
Extendicare Home Health of West Tennessee	17	
Intrepid USA Healthcare Services	7	
Medical Center Home Health, LLC	54	
Regional Home Care, Jackson	151	
Tipton	29	2.8
Professional Home Health Care, LLC	29	
Out-of-State	43	4.1
Magnolia Regional Health Center Home Health and Hospice Age	43	

Resident County: Macon *

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	837	100.0
Clay	21	2.5
Cumberland River Homecare	21	
Davidson	386	46.1
Amedisys Home Health	55	
Home Care Solutions	8	
Home Health Care of Middle Tennessee, LLC	16	
Suncrest Home Health	307	
Rutherford	15	1.8
NHC Homecare	15	
Smith	47	5.6
Highpoint Homecare	47	
Sumner	4	0.5
Highpoint Homecare	4	
Warren	243	29.0
Friendship Home Health, Inc.	243	

Compiled by Health Statistics, Tennessee Department of Health

Report 6, Page 22

REPORT 6
REPORT FOR HOME HEALTH AGENCIES 2012

HOME HEALTH AGENCIES LICENSED IN TENNESSEE
PATIENT ORIGIN BY BASE COUNTY

Resident County: Macon * (Continued)

Facility Location/Name	Patients	Percent
Wilson	121	14.5
American National Home Health	27	
Gentiva Health Services	43	
VIP Home Nursing and Rehabilitation Services, LLC	51	

Resident County: Madison

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	3,049	100.0
Carroll	7	0.2
Baptist Memorial Home Care	7	
Davidson	2	0.1
Elk Valley Health Services	2	
Decatur	247	8.1
Tennessee Quality Homecare-Southwest	245	
Volunteer Homecare of West Tennessee, Inc.	2	
Gibson	864	28.3
NHC Homecare	135	
Volunteer Home Care, Inc.	729	
Hardin	40	1.3
Deaconess Homecare II	40	
Henderson	1	0.0
Regional Home Care, Lexington	1	
Madison	1,624	53.3
Amedisys Home Health Care	454	
Extendicare Home Health of West Tennessee	215	
Intrepid USA Healthcare Services	36	
Medical Center Home Health, LLC	629	
Regional Home Care, Jackson	290	
Shelby	46	1.5
Alere Women's and Children's Health	5	
Maxim Healthcare Services, Inc.	41	

Resident County: Madison (Continued)

Facility Location/Name	Patients	Percent
Tipton	218	7.1
Professional Home Health Care, LLC	218	

Resident County: Marion

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	973	100.0
Bradley	569	58.5
Home Health Care of East Tennessee, Inc.	569	
Coffee	6	0.6
Suncrest Home Health of Manchester, Inc.	6	
Davidson	2	0.2
Elk Valley Health Services	2	
Franklin	5	0.5
Caresouth HHA Holdings of Winchester, LLC	5	
Hamilton	391	40.2
Alere Women's and Children's Health, LLC	2	
Amedisys Home Health	176	
Continuicare Healthservices, Inc. - I	46	
Gentiva Health Services	3	
Home Care Solutions	34	
Life Care at Home of Tennessee	2	
Maxim Healthcare Services	10	
Memorial Hospital Home Health	114	
NHC Homecare	4	

Resident County: Marshall

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	772	100.0
Bedford	11	1.4
Heritage Home Health	11	
Coffee	17	2.2
Suncrest Home Health of Manchester, Inc.	17	

Compiled by Health Statistics, Tennessee Department of Health

Report 6, Page 23

REPORT 6
REPORT FOR HOME HEALTH AGENCIES 2011

HOME HEALTH AGENCIES LICENSED IN TENNESSEE
PATIENT ORIGIN BY BASE COUNTY

Resident County: Loudon

(Continued)

Facility Location/Name	Patients	Percent
Monroe	17	1.0
Sweetwater Hospital Home Health	17	

Resident County: McMinn

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	1,737	100.0
Bradley	279	16.1
Family Home Care, Cleveland	19	
Home Health Care of East Tennessee, Inc.	260	
Hamilton	1,030	59.3
Alere Women's and Children's Health, LLC	1	
Amedisys Home Health	812	
Continuicare Healthservices, Inc. - I	13	
Gentiva Health Services	2	
Guardian Home Care, LLC	164	
LHC HomeCare of Tennessee, LLC	4	
Life Care at Home of Tennessee	8	
Maxim Healthcare Services	4	
Memorial Hospital Home Health	22	
Knox	27	1.6
Camellia Home Health of East Tennessee, LLC	27	
McMinn	354	20.4
NHC Homecare	145	
Woods Home Health, LLC	209	
Monroe	47	2.7
Intrepid USA Healthcare Services	1	
Sweetwater Hospital Home Health	46	

Resident County: McNairy

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	1,066	100.0
Davidson	1	0.1
Elk Valley Health Services, Inc.	1	
Decatur	306	28.7
Tennessee Quality Homecare - Southwest	44	
Volunteer Homecare of West Tennessee, Inc.	262	
Fayette	1	0.1
NHC Homecare	1	
Hardin	343	32.2
Deaconess Homecare	303	
HMC Home Health, LLC	40	
Henderson	1	0.1
Regional Home Care, Lexington	1	
Madison	352	33.0
Amedisys Home Health Care	81	
Intrepid USA Healthcare Services	13	
Lifeline of West Tennessee, LLC	18	
Medical Center Home Health, LLC	76	
Regional Home Care, Jackson	164	
Tipton	33	3.1
CareAll Homecare Services	33	
Out-of-State	29	2.7
Magnolia Regional Health Center Home Health & Hospice	29	

Resident County: Macon *

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	733	100.0
Clay	44	6.0
Cumberland River Homecare	44	
Davidson	270	36.8
Amedisys Home Health	42	
Home Health Care of Middle Tennessee, LLC	25	

Compiled by the Division of Health Statistics, Tennessee Department of Health

Report 6, Page 22

REPORT 6
REPORT FOR HOME HEALTH AGENCIES 2011

HOME HEALTH AGENCIES LICENSED IN TENNESSEE
PATIENT ORIGIN BY BASE COUNTY

Resident County: Macon * (Continued)

Facility Location/Name	Patients	Percent
Davidson (Continued)		
LHC HomeCare Of Tennessee, LLC - Homecare solutions	5	
SunCrest Home Health	197	
Willowbrook Home Health Care Agency, Inc.	1	
Putnam	2	0.3
Highland Rim Home Health Agency	2	
Rutherford	17	2.3
NHC Homecare	17	
Smith	69	9.4
Sumner Homecare	69	
Sumner	6	0.8
Sumner Homecare	6	
Warren	216	29.5
Friendship Home Health, Inc.	216	
Wilson	109	14.9
CareAll	60	
Deaconess Homecare	4	
Donelson Home Health Care - Gentiva	33	
Quality Care Home Health Agency - American Nat'l	12	

Resident County: Madison

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	2,979	100.0
Benton	2	0.1
Tennessee Quality Homecare - Northwest	2	
Carroll	9	0.3
Baptist Memorial Home Care	9	
Davidson	1	0.0
Elk Valley Health Services, Inc.	1	
Decatur	193	6.5
Tennessee Quality Homecare - Southwest	193	

Resident County: Madison (Continued)

Facility Location/Name	Patients	Percent
Gibson	697	23.4
NHC Homecare	90	
Volunteer Home Care, Inc.	607	
Hardin	26	0.9
Deaconess Homecare	26	
Henderson	1	0.0
Regional Home Care, Lexington	1	
Hickman	1	0.0
Hickman Community Home Care, Inc.	1	
Madison	1,808	60.7
Amedisys Home Health Care	482	
Intrepid USA Healthcare Services	135	
Lifeline of West Tennessee, LLC	307	
Medical Center Home Health, LLC	535	
Regional Home Care, Jackson	349	
Shelby	20	0.7
Alere Women's and Children's Health, LLC	4	
Maxim Healthcare Services, Inc.	16	
Tipton	221	7.4
CareAll Homecare Services	221	

Resident County: Marion

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	1,029	100.0
Bradley	649	63.1
Home Health Care of East Tennessee, Inc.	649	
Coffee	5	0.5
SunCrest Home Health of Manchester, Inc.	5	
Davidson	2	0.2
Elk Valley Health Services, Inc.	2	
Franklin	6	0.6
Amedisys Home Care	2	

Compiled by the Division of Health Statistics, Tennessee Department of Health

Report 6, Page 23

REPORT 6
REPORT FOR HOME HEALTH AGENCIES 2010

HOME HEALTH AGENCIES LICENSED IN TENNESSEE
PATIENT ORIGIN BY BASE COUNTY

Resident County: McMinn (Continued)

Facility Location/Name	Patients	Percent
Hamilton	976	64.5
Amedisys Home Health	749	
Continuicare Healthservices, Inc. - I	14	
Gentiva Health Services	2	
Guardian Home Care, LLC	176	
Home Care Solutions	3	
Life Care at Home of Tennessee	7	
Maxim Healthcare Services	5	
Memorial Hospital Home Health	20	
Knox	1	0.1
Priority Healthcare Services of Tennessee, Inc.	1	
McMinn	172	11.4
NHC Homecare	172	
Monroe	50	3.3
Intrepid USA Healthcare Services	1	
Sweetwater Hospital Home Health	49	

Resident County: McNairy

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	1,040	100.0
Davidson	1	0.1
Elk Valley Health Services, Inc.	1	
Decatur	261	25.1
Tennessee Quality Homecare - Southwest	44	
Volunteer Homecare of West Tennessee, Inc.	217	
Fayette	2	0.2
NHC Homecare	2	
Hardin	373	35.9
Deaconess Homecare	323	
HMC Home Health, LLC	50	
Henderson	2	0.2
Regional Home Care, Lexington	2	

Resident County: McNairy (Continued)

Facility Location/Name	Patients	Percent
Madison	340	32.7
Amedisys Home Health Care	92	
Extendicare Home Health of West Tennessee	26	
Intrepid USA Healthcare Services	12	
Medical Center Home Health, LLC	44	
Regional Home Care, Jackson	166	
Shelby	2	0.2
Alere Women's and Children's Health, LLC	2	
Tipton	39	3.8
CareAll Homecare Services	39	
Out-of-State	20	1.9
Magnolia Regional Health Center Home Health	20	

Resident County: Macon *

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	703	100.0
Clay	15	2.1
Cumberland River Homecare	15	
Davidson	268	38.1
Amedisys Home Care	38	
Elk Valley Health Services, Inc.	1	
Home Care Solutions	4	
Home Health Care of Middle Tennessee, LLC	22	
SunCrest Home Health	203	
Rutherford	8	1.1
NHC Homecare	8	
Smith	64	9.1
Sumner Homecare and Hospice, LLC	64	
Sumner	2	0.3
Sumner Homecare and Hospice, LLC	2	
Warren	204	29.0
Friendship Home Health, Inc.	204	

Compiled by the Division of Health Statistics, Tennessee Department of Health

Report 6, Page 22

REPORT 6
REPORT FOR HOME HEALTH AGENCIES 2010

HOME HEALTH AGENCIES LICENSED IN TENNESSEE
PATIENT ORIGIN BY BASE COUNTY

Resident County: Macon * (Continued)

Facility Location/Name	Patients	Percent
Wilson	142	20.2
CareAll	89	
Deaconess Homecare	2	
Donelson Home Health - <i>Donelson</i>	49	
Quality Care Home Health Agency - <i>Franklin</i>	2	

Resident County: Madison

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	2,780	100.0
Benton	2	0.1
Tennessee Quality Homecare - Northwest	2	
Carroll	6	0.2
Baptist Memorial Home Care	6	
Davidson	4	0.1
Elk Valley Health Services, Inc.	4	
Decatur	193	6.9
Tennessee Quality Homecare - Southwest	193	
Fayette	1	0.0
NHC Homecare	1	
Gibson	639	23.0
NHC Homecare	112	
Volunteer Home Care, Inc.	527	
Hardin	38	1.4
Deaconess Homecare	38	
Madison	1,683	60.5
Amedisys Home Health Care	425	
Extendicare Home Health of West Tennessee	354	
Intrepid USA Healthcare Services	74	
Medical Center Home Health, LLC	528	
Regional Home Care, Jackson	302	
Shelby	25	0.9
Alere Women's and Children's Health, LLC	22	

Resident County: Madison (Continued)

Facility Location/Name	Patients	Percent
Shelby (Continued)		
Maxim Healthcare Services, Inc.	3	
Tipton	188	6.8
CareAll Homecare Services	188	
Weakley	1	0.0
CareAll Homecare Services	1	

Resident County: Marion

Facility Location/Name	Patients	Percent
TOTAL PATIENTS	980	100.0
Bradley	594	60.6
Home Health Care of East Tennessee, Inc.	594	
Coffee	3	0.3
Doctor's Associates Home Health	3	
Davidson	1	0.1
Elk Valley Health Services, Inc.	1	
Franklin	3	0.3
Amedisys Home Care	2	
Caresouth HHA Holdings of Winchester, LLC	1	
Hamilton	379	38.7
Amedisys Home Health	192	
Continuicare Healthservices, Inc. - I	39	
Continuicare Healthservices, Inc. - II	3	
Gentiva Health Services	9	
Guardian Home Care, LLC	3	
Home Care of Chattanooga	1	
Home Care Solutions	2	
Life Care at Home of Tennessee	4	
Maxim Healthcare Services	4	
Memorial Hospital Home Health	122	

Section C - Economic Feasibility – 1

Project Costs Chart & Assumptions

NHC HomeCare--Springfield Provider Group

PROJECT COSTS CHART**A. Construction and equipment acquired by purchase:**

1. Architectural and Engineering Fees
2. Legal, Administrative, Consultant Fees
3. Acquisition of Site (Building, including estimated closing costs)
4. Preparation of Site
5. Construction Costs
6. Contingency Fund
7. Fixed Equipment (Not included in Construction Contract)
8. Moveable Equipment (List all equipment over \$50,000)
9. Other (Specify) Landscaping, pre-opening, impact fees

B. Acquisition by gift, donation or lease:

1. Facility (Inclusive of building and land)
2. Building Only
3. Land Only
4. Equipment (Specify)
5. Other (Specify)

C. Financing costs and Fees:

1. Interim Financing
2. Underwriting Costs
3. Reserve for One Year's Debt Service
4. Other (Specify)

**D. Total Estimated Project Cost
(A + B + C)**

0

E. CON Filing Fee

3,000.00

**F. Total Estimated Project Cost
(D + E)****\$ 3,000**

Section C – Economic Feasibility - 2

Project Funding

October 8, 2013

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

RE: NHC HomeCare, Springfield (Addition of Macon County) \$3,000

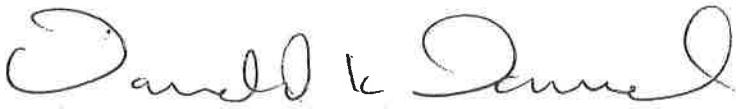
Dear Ms. Hill:

National HealthCare Corporation, a NYSE Amex publicly traded company with over \$74,000,000 of cash and cash equivalents, as stated in the June 30, 2013 10-Q, will make available all the necessary funds for the operation and working capital for the above referenced project. These funds are available on immediate notice.

Should you have any further questions or comments, please advise.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Donald K. Daniel
Senior Vice President and Controller

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-13489

NHC

NATIONAL HEALTHCARE CORPORATION

(Exact name of registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

52-2057472
(I.R.S. Employer
Identification No.)

100 E. Vine Street
Murfreesboro, TN

37130

(Address of principal executive offices)
(Zip Code)

(615) 890-2020

Registrant's telephone number, including area code

Indicate by check mark whether the registrant: (1) Has filed all reports required to be filed by Section 13 or 15(d), of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer (Do not check if a smaller reporting company) ☐

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as is defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

14,065,449 shares of common stock of the registrant were outstanding as of July 29, 2013.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Statements of Income
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012 <i>(as adjusted)</i>	2013	2012 <i>(as adjusted)</i>
Revenues:				
Net patient revenues	\$ 178,401	\$ 173,737	\$ 356,831	\$ 349,850
Other revenues	13,610	13,931	29,558	27,868
Net operating revenues	192,011	187,668	386,389	377,718
Cost and Expenses:				
Salaries, wages and benefits	109,358	104,713	216,421	211,184
Other operating	48,728	49,224	103,139	100,752
Facility rent	9,870	9,847	19,738	19,694
Depreciation and amortization	6,972	7,386	13,928	14,766
Interest	82	108	166	226
Total costs and expenses	175,010	171,278	353,392	346,622
Income Before Non-Operating Income	17,001	16,390	32,997	31,096
Non-Operating Income	6,632	5,907	13,250	11,775
Income Before Income Taxes	23,633	22,297	46,247	42,871
Income Tax Provision	(9,291)	(8,742)	(18,100)	(16,662)
Net Income	14,342	13,555	28,147	26,209
Dividends to Preferred Stockholders	(2,168)	(2,168)	(4,336)	(4,336)
Net Income Available to Common Stockholders	\$ 12,174	\$ 11,387	\$ 23,811	\$ 21,873
Earnings Per Common Share:				
Basic	\$ 0.88	\$ 0.82	\$ 1.72	\$ 1.58
Diluted	\$ 0.86	\$ 0.81	\$ 1.68	\$ 1.57
Weighted Average Common Shares Outstanding:				
Basic	13,816,536	13,845,516	13,838,936	13,842,797
Diluted	16,682,970	13,975,073	16,708,889	13,941,674
Dividends Declared Per Common Share	\$ 0.32	\$ 0.30	\$ 0.62	\$ 0.60

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Statements of Comprehensive Income
(unaudited – in thousands)

	Three Months Ended June 30		Six Months Ended June 30	
	2013	2012 <i>(as adjusted)</i>	2013	2012 <i>(as adjusted)</i>
Net Income	\$ 14,342	\$ 13,555	\$ 28,147	\$ 26,209
Other Comprehensive Income (Loss):				
Unrealized gains (losses) on investments in marketable securities	(13,606)	5,351	2,158	14,007
Less: Reclassification adjustment for realized gains on sale of securities	(154)	(300)	(384)	(987)
Income tax (expense) benefit related to items of other comprehensive income (loss)	5,194	(1,949)	(896)	(5,059)
Other comprehensive income (loss), net of tax	(8,566)	3,102	878	7,961
Comprehensive Income	\$ 5,776	\$ 16,657	\$ 29,025	\$ 34,170

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Balance Sheets
(unaudited - in thousands)

	June 30, 2013	December 31, 2012 <i>(as adjusted)</i>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 74,634	\$ 66,701
Restricted cash and cash equivalents	14,525	11,563
Marketable securities	114,113	107,250
Restricted marketable securities	135,232	135,207
Accounts receivable, less allowance for doubtful accounts of \$3,223 and \$3,166, respectively	76,511	76,959
Inventories	6,349	6,660
Prepaid expenses and other assets	2,397	1,132
Notes receivable	5,664	5,840
Federal income tax receivable	-	5,933
Total current assets	<u>429,425</u>	<u>417,245</u>
Property and Equipment:		
Property and equipment, at cost	695,485	675,455
Accumulated depreciation and amortization	<u>(268,410)</u>	<u>(254,548)</u>
Net property and equipment	<u>427,075</u>	<u>420,907</u>
Other Assets:		
Deposits	174	143
Goodwill	17,600	17,600
Notes receivable	15,547	15,949
Deferred income taxes	14,984	12,817
Investments in limited liability companies	37,655	40,039
Total other assets	<u>85,960</u>	<u>86,548</u>
Total assets	<u>\$ 942,460</u>	<u>\$ 924,700</u>

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)
(unaudited)

	June 30, 2013	December 31, 2012 <i>(as adjusted)</i>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 11,251	\$ 10,555
Accrued payroll	39,199	37,243
Amounts due to third party payors	20,754	19,267
Accrued risk reserves	114,863	110,331
Deferred income taxes	25,168	24,474
Other current liabilities	13,291	20,411
Dividends payable	6,723	6,480
Total current liabilities	<u>231,249</u>	<u>228,761</u>
Long-term debt	10,000	10,000
Refundable entrance fees	10,640	10,680
Obligation to provide future services	1,791	1,791
Other noncurrent liabilities	15,044	13,890
Deferred revenue	4,913	3,430
Stockholders' Equity:		
Series A Convertible Preferred Stock; \$.01 par value; 25,000,000 shares authorized; 10,838,305 and 10,838,412 shares, respectively, issued and outstanding; stated at liquidation of \$15.75 per share	170,512	170,514
Common stock, \$.01 par value; 30,000,000 shares authorized; 14,065,302 and 14,158,127 shares, respectively, issued and outstanding	140	141
Capital in excess of par value	151,399	154,692
Retained earnings	295,086	279,993
Accumulated other comprehensive income	51,686	50,808
Total stockholders' equity	<u>668,823</u>	<u>656,148</u>
Total liabilities and stockholders' equity	<u>\$ 942,460</u>	<u>\$ 924,700</u>

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Statements of Cash Flows
(unaudited – in thousands)

	Six Months Ended June 30	
	2013	2012 <i>(as adjusted)</i>
Cash Flows From Operating Activities:		
Net income	\$ 28,147	\$ 26,209
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,928	14,766
Provision for doubtful accounts receivable	1,522	1,141
Equity in earnings of unconsolidated investments	(7,595)	(6,016)
Distributions from unconsolidated investments	9,979	4,394
Gains on sale of marketable securities	(384)	(987)
Deferred income taxes	(2,368)	(1,571)
Stock-based compensation	1,359	1,398
Changes in operating assets and liabilities:		
Restricted cash and cash equivalents	(5,602)	(3,420)
Accounts receivable	(1,074)	3,076
Income tax receivable	5,933	3,779
Inventories	311	625
Prepaid expenses and other assets	(1,265)	(1,230)
Trade accounts payable	696	(3,556)
Accrued payroll	1,956	(14,640)
Amounts due to third party payors	1,487	(125)
Other current liabilities and accrued risk reserves	(2,588)	5,222
Other noncurrent liabilities	1,154	343
Deferred revenue	1,483	1,867
Net cash provided by operating activities	<u>47,079</u>	<u>31,275</u>
Cash Flows From Investing Activities:		
Additions to property and equipment	(20,096)	(6,242)
Acquisition of non-controlling interest in hospice business	-	(7,500)
Collections of notes receivable, net	578	20
Change in restricted cash and cash equivalents	2,640	1,070
Purchase of marketable securities	(42,881)	(36,228)
Sale of marketable securities	38,150	33,871
Net cash used in investing activities	<u>(21,609)</u>	<u>(15,009)</u>
Cash Flows From Financing Activities:		
Tax expense from stock-based compensation	(225)	(270)
Dividends paid to preferred stockholders	(4,336)	(4,336)
Dividends paid to common stockholders	(8,475)	(8,348)
Issuance of common shares	270	5,583
Repurchase of common shares	(4,700)	-
Entrance fee refunds	(40)	(790)
Change in deposits	(31)	96
Net cash used in financing activities	<u>(17,537)</u>	<u>(8,065)</u>
Net Increase in Cash and Cash Equivalents	<u>7,933</u>	<u>8,201</u>
Cash and Cash Equivalents, Beginning of Period	<u>66,701</u>	<u>61,008</u>
Cash and Cash Equivalents, End of Period	<u>\$ 74,634</u>	<u>\$ 69,209</u>

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File No. 001-13489

NHC

NATIONAL HEALTHCARE CORPORATION

(Exact name of registrant as specified in its Corporate Charter)

Delaware
(State of Incorporation)

52-2057472
(I.R.S. Employer I.D. No.)

**100 Vine Street
Murfreesboro, Tennessee 37130**
(Address of principal executive offices)
Telephone Number: **615-890-2020**

Securities registered pursuant to Section 12(b) of the Act.

Title of Each Class	Name of Each Exchange on which Registered
Shares of Common Stock	NYSE MKT
Shares of Preferred Cumulative Convertible Stock	NYSE MKT

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months or for such shorter period that the registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Act). Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of Common Stock held by non-affiliates on June 30, 2012 (based on the closing price of such shares on the NYSE MKT) was approximately \$308 million. For purposes of the foregoing calculation only, all directors, named executive officers and persons known to the Registrant to be holders of 5% or more of the Registrant's Common Stock have been deemed affiliates of the Registrant.

The number of shares of Common Stock outstanding as of February 12, 2013 was 14,158,127.

Documents Incorporated by Reference

The following documents are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Form 10-K:

The Registrant's definitive proxy statement for its 2013 shareholder's meeting.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
National HealthCare Corporation

We have audited the accompanying consolidated balance sheets of National HealthCare Corporation as of December 31, 2012 and 2011 and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule listed in Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of National HealthCare Corporation at December 31, 2012 and 2011 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), National HealthCare Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February __, 2013, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
February __, 2013

NATIONAL HEALTHCARE CORPORATION

Consolidated Statements of Income

(in thousands, except share and per share amounts)

	Year Ended December 31,		
	2012	2011	2010
Revenues:			
Net patient revenues	\$ 705,386	\$ 715,489	\$ 663,629
Other revenues	55,876	58,048	57,024
Net operating revenues	761,262	773,537	720,653
Costs and Expenses:			
Salaries, wages and benefits	426,934	428,672	400,270
Other operating	198,691	198,439	197,016
Rent	39,355	39,736	38,086
Depreciation and amortization	29,792	28,901	27,141
Interest	455	443	513
Total costs and expenses	695,227	696,191	663,026
Income Before Non-Operating Income	66,035	77,346	57,627
Non-Operating Income	25,245	20,533	23,340
Income Before Income Taxes	91,280	97,879	80,967
Income Tax Provision	(33,323)	(33,807)	(28,272)
Net Income	57,957	64,072	52,695
Dividends to Preferred Stockholders	(8,671)	(8,671)	(8,673)
Net Income Available to Common Stockholders	\$ 49,286	\$ 55,401	\$ 44,022
Earnings Per Common Share:			
Basic	\$ 3.56	\$ 4.02	\$ 3.22
Diluted	\$ 3.49	\$ 3.90	\$ 3.22
Weighted Average Common Shares Outstanding:			
Basic	13,852,709	13,774,628	13,671,053
Diluted	16,598,816	16,414,023	13,676,476

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Comprehensive Income
(in thousands)

	Year Ended December 31,		
	2012	2011	2010
Net Income	\$ 57,957	\$ 64,072	\$ 52,695
Other Comprehensive Income:			
Unrealized gains on investments in marketable securities	23,099	598	15,016
Income tax expense related to items of other comprehensive income	(8,993)	(183)	(5,809)
Other comprehensive income, net of tax	14,106	415	9,207
Comprehensive Income	\$ 72,063	\$ 64,487	\$ 61,902

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Balance Sheets
(in thousands)

	December 31,	
	2012	2011
Assets		
Current Assets:		
Cash and cash equivalents	\$ 66,701	\$ 61,008
Restricted cash and cash equivalents	11,563	50,587
Marketable securities	107,250	85,051
Restricted marketable securities	135,207	83,625
Accounts receivable, less allowance for doubtful accounts of \$3,166 and \$3,713, respectively	74,693	71,696
Inventories	6,660	7,419
Prepaid expenses and other assets	1,132	1,082
Notes receivable	5,840	1,260
Federal income tax receivable	5,933	6,470
Total current assets	<u>414,979</u>	<u>368,198</u>
Property and Equipment:		
Property and equipment, at cost	675,455	659,523
Accumulated depreciation and amortization	<u>(254,548)</u>	<u>(229,872)</u>
Net property and equipment	<u>420,907</u>	<u>429,651</u>
Other Assets:		
Deposits	143	397
Goodwill	17,600	20,320
Notes receivable	15,949	21,189
Deferred income taxes	10,564	10,167
Investments in limited liability companies	40,039	20,502
Total other assets	<u>84,295</u>	<u>72,575</u>
Total assets	<u>\$ 920,181</u>	<u>\$ 870,424</u>

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	December 31,	
	2012	2011
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 10,555	\$ 9,834
Accrued payroll	37,243	54,063
Amounts due to third party payors	17,001	16,807
Accrued risk reserves	110,331	98,732
Deferred income taxes	24,474	14,526
Other current liabilities	20,411	20,335
Dividends payable	6,480	6,362
Total current liabilities	<u>226,495</u>	<u>220,659</u>
Long-Term Debt	10,000	10,000
Other Noncurrent Liabilities	13,890	16,244
Deferred Revenue	10,124	11,785
Stockholders' Equity:		
Series A Convertible Preferred Stock; \$.01 par value; 25,000,000 shares authorized; 10,838,412 and 10,838,490 shares, respectively, issued and outstanding; stated at liquidation value of \$15.75 per share	170,514	170,515
Common stock, \$.01 par value; 30,000,000 shares authorized; 14,158,127 and 13,862,738 shares, respectively, issued and outstanding	141	138
Capital in excess of par value	154,692	139,183
Retained earnings	283,517	265,198
Accumulated other comprehensive income	50,808	36,702
Total stockholders' equity	<u>659,672</u>	<u>611,736</u>
Total liabilities and stockholders' equity	<u>\$ 920,181</u>	<u>\$ 870,424</u>

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2012	2011	2010
Cash Flows From Operating Activities:			
Net income	\$ 57,957	\$ 64,072	\$ 52,695
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	29,792	28,901	27,141
Provision for doubtful accounts receivable	2,455	2,430	2,256
Equity in earnings of unconsolidated investments	(13,616)	(9,674)	(8,993)
Distributions from unconsolidated investments	6,317	10,828	6,462
Recovery of assets in acquisition of healthcare centers	—	—	(3,563)
Gains on sale of marketable securities	(1,640)	(754)	(891)
Deferred income taxes	558	1,990	3,505
Stock-based compensation	2,366	2,751	321
Changes in operating assets and liabilities, net of the effect of acquisitions:			
Restricted cash and cash equivalents	(7,636)	(7,830)	(2,509)
Accounts receivable	(7,263)	5,032	(15,817)
Income tax receivable	537	(3,779)	3,470
Inventories	759	434	(372)
Prepaid expenses and other assets	(77)	169	(166)
Trade accounts payable	831	(1,113)	(352)
Accrued payroll	(16,418)	2,008	5,205
Amounts due to third party payors	481	(860)	(891)
Other current liabilities and accrued risk reserves	11,675	(9,129)	(103)
Other noncurrent liabilities	(2,354)	(2,617)	(3,772)
Deferred revenue	(31)	(35)	(265)
Net cash provided by operating activities	64,693	82,824	63,361
Cash Flows From Investing Activities:			
Additions to and acquisitions of property and equipment	(22,003)	(23,372)	(32,293)
Acquisition of non-controlling interest in hospice business	(7,500)	(7,500)	—
Acquisition of homecare business	—	—	(14,342)
Collections of notes receivable, net	660	1,222	1,300
Decrease in restricted cash and cash equivalents	46,660	9,235	47,451
Purchases of marketable securities	(111,691)	(57,597)	(93,305)
Sale of marketable securities	62,649	46,266	43,849
Cash acquired in acquisition of facilities	—	—	989
Net cash used in investing activities	(31,225)	(31,746)	(46,351)
Cash Flows From Financing Activities:			
Tax (expense) benefit from stock-based compensation	(267)	(52)	154
Dividends paid to preferred stockholders	(8,671)	(8,671)	(8,673)
Dividends paid to common stockholders	(30,849)	(15,952)	(14,780)
Issuance of common shares	13,412	8,392	2,655
Repurchase of common shares	—	—	(5,944)
Entrance fee refunds	(1,630)	(2,170)	(957)
(Increase) decrease in deposits	230	(95)	21
Other	—	—	(30)
Net cash used in financing activities	(27,775)	(18,548)	(27,554)
Net Increase (Decrease) in Cash and Cash Equivalents	5,693	32,530	(10,544)
Cash and Cash Equivalents, Beginning of Period	61,008	28,478	39,022
Cash and Cash Equivalents, End of Period	\$ 66,701	\$ 61,008	\$ 28,478

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Cash Flows
(continued)

<i>(in thousands)</i>	Year Ended December 31,		
	2012	2011	2010
Supplemental Information:			
Cash payments for interest	\$ 383	\$ 501	\$ 658
Cash payments for income taxes	34,142	40,798	22,969
Non-cash activities include:			
Effective January 1, 2012, NHC assigned the assets and liabilities of eight Solaris Hospice programs to Caris in exchange for an additional limited partnership interest.			
Current assets assigned	1,862	—	—
Property and equipment assigned	303	—	—
Current liabilities assigned	(799)	—	—
Goodwill	2,945	—	—
Investment in limited liability company	(4,311)	—	—
Effective December 1, 2010, NHC acquired the assets and assumed certain liabilities of two 120-bed long-term health care centers. The consideration given was first mortgage bonds owned by NHC.			
Real and personal property	—	—	(4,873)
Current assets acquired	—	—	(1,958)
Current liabilities acquired	—	—	1,623
First mortgage revenue bonds	—	—	1,645
Gain on recovery of assets	—	—	3,563

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

Section C Economic Feasibility – 4
Historical & Projected Data Charts w/Assumptions

NHC HomeCare--Springfield Provider Group

HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	2010	2011	2012
A. Utilization Data (Specify unit of measure) Patient Visits	22,364	21,705	29,419
Licensed Beds			
% Occupancy (Licensed Beds)	N/A	N/A	N/A
B. Revenue from Services to Patients			
1. Inpatient Services			
2. Outpatient Services	3,358,850	3,441,200	4,926,800
3. Emergency Services			
4. Other Operating Revenue	17,190	81,732	130
(Specify) (See attached schedule)			
Gross Operating Revenue	\$ 3,376,040	\$ 3,522,932	\$ 4,926,930
C. Deductions for Operating Revenue			
1. Contractual Adjustments	\$ (204,000)	\$ (372,589)	\$ (870,545)
2. Provision for Charity Care	(2,250)	(942)	(3,440)
3. Provisions for Bad Debt	(3,890)	(11,068)	(20,962)
Total Deductions	\$ (210,140)	\$ (384,599)	\$ (894,947)
NET OPERATING REVENUE	\$ 3,165,900	\$ 3,138,333	\$ 4,031,983
D. Operating Expenses			
1. Salaries and Wages	\$ 1,094,774	\$ 1,036,052	\$ 1,335,739
2. Physician's Salaries and Wages (Medical Services)	9,015	7,591	4,681
3. Supplies	128,128	136,900	155,586
4. Taxes	1,949	2,178	3,134
5. Depreciation	24,190	20,668	18,986
6. Rent	98,969	107,624	105,760
7. Interest, other than Capital	59	63	36
8. Management Fees:			
a. Fees to Affiliates	322,045	330,100	440,306
a. Fees to Non-Affiliates	0	0	0
9. Other Expenses (Specify) See Attached Schedule	1,320,667	1,286,753	1,679,272
Total Operating Expenses	\$ 2,999,796	\$ 2,927,929	\$ 3,743,500
E. Other Revenue (Expenses)--Net (Specify)			
NET OPERATING INCOME (LOSS)	\$ 166,104	\$ 210,404	\$ 288,483
F. Capital Expenditures			
1. Retirement of Principal	\$ -		
2. Interest	0	0	0
Total Capital Expenditures	\$ -	\$ -	\$ -
NET OPERATING INCOME (LOSS)	\$ 166,104	\$ 210,404	\$ 288,483
LESS CAPITAL EXPENDITURES			

NHC HomeCare--Springfield Provider Group

Detail Schedule of Other Revenue and Other Expenses

	2010	2011	2012
Other Revenue:			
Bonus for P4P Demo Project	16,922	81,527	0
Interest Income	138	14	20
Miscellaneous	130	191	110
Total Other Revenue	<u>\$17,190</u>	<u>\$81,732</u>	<u>\$130</u>

Other Expense:			
Payroll Taxes and Benefits	324,216	272,130	346,328
Contract Services--affiliates	461,400	524,050	632,431
Contract Services--non affiliates	328,833	301,953	477,276
Mileage and Travel	94,802	79,309	114,172
Telephone and Utilities	45,399	41,374	40,058
Recruiting	6,456	6,936	8,477
Education	10,072	6,021	6,009
Postage and Delivery	3,825	4,412	6,727
Employee Relations	5,645	4,695	4,281
Equipment Rental and Repair	16,179	11,560	11,972
Public Relations	8,864	6,691	6,096
Miscellaneous	14,976	27,622	25,445
Total Other Expense	<u>\$1,320,667</u>	<u>\$1,286,753</u>	<u>\$1,679,272</u>

NHC HomeCare--Springfield Provider Group

PROJECTED DATA CHART

Give information for the two (2) years following completion of this proposal. The fiscal year begins in January (Month).

	2014	2015
A. Utilization Data (Specify unit of measure) Patient Visits	33,500	34,850
(Specify unit of measure) (% Occupancy)	N/A	N/A
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	5,200,000	5,400,000
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	\$ 5,200,000	\$ 5,400,000
C. Deductions for Operating Revenue		
1. Contractual Adjustments	\$ (898,600)	\$ (925,530)
2. Provision for Charity Care	(6,000)	(7,000)
3. Provisions for Bad Debt	(25,000)	(27,500)
Total Deductions	\$ (929,600)	\$ (960,030)
NET OPERATING REVENUE	\$ 4,270,400	\$ 4,439,970
D. Operating Expenses		
1. Salaries and Wages	\$ 1,583,000	\$ 1,650,900
2. Physician's Salaries and Wages	7,500	8,000
3. Supplies	160,000	165,000
4. Taxes	3,700	3,900
5. Depreciation	20,000	20,000
6. Rent	110,000	112,000
7. Interest, other than Capital	100	100
8. Management Fees		
a. Fees to Affiliates	502,500	520,500
b. Fees to Non-Affiliates		
9. Other Expenses (Specify) - SEE ATTACHED SCHEDULE	1,550,000	1,600,000
Total Operating Expenses	\$ 3,936,800	\$ 4,080,400
E. Other Revenue (Expenses)--Net (Specify)		
NET OPERATING INCOME (LOSS)	\$ 333,600	\$ 359,570
F. Capital Expenditure		
1. Retirement of Principal		
2. Interest		
Total Capital Expenditures	\$ -	\$ -
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ 333,600	\$ 359,570

NHC HomeCare--Springfield Provider Group

Detail Schedule of Other Revenue and Other Expenses

	<u>2014</u>	<u>2015</u>
Other Revenue:		
Incentive for P4P Demo Project	0	0
Interest Income	0	0
Miscellaneous	0	0
Total Other Revenue	<u>\$0</u>	<u>\$0</u>

Other Expense:		
Payroll Taxes and Benefits	345,000	355,000
Contract Services--affiliates	600,000	615,000
Contract Services--non affiliates	405,000	420,000
Mileage and Travel	85,000	89,000
Telephone and Utilities	42,000	43,500
Recruiting	8,300	8,500
Education	8,200	8,500
Postage and Delivery	6,900	7,300
Employee Relations	4,800	5,500
Equipment Rental and Repair	12,000	12,500
Public Relations	7,800	8,500
Miscellaneous	25,000	26,700
Total Other Expense	<u>\$1,550,000</u>	<u>\$1,600,000</u>

NHC HomeCare, Springfield
Staffing - Full Time Equivalents
for Employees providing Patient Care

Nursing	12.75
HHA	2.75
PT	7.75
OT	1.50
ST	0.40
Social Work	0.75

Total	25.90
-------	-------

Section C – Economic Feasibility – 6b

Estimated Rates

NHC HomeCare Cost Per Visit Comparison
to existing Home Health Agencies Licensed in Macon County

Agency	Base County	Cost Per Visit							
		HH Aides	Homemaker Services	Medical Social Services	Occupational Therapy	Physical Therapy	Skilled Nursing	Speech Therapy	Other
NHC HomeCare - Springfield (Proposed Relocation)	Robertson	\$50	\$0	\$126	\$170	\$146	\$124	\$126	*
1 Cumberland River Homecare	Clay	\$24	*	\$18	\$91	\$114	\$160	\$91	*
2 Amedisys Home Health (C Bend)	Davidson	\$16	\$0	\$77	\$67	\$64	\$47	\$84	\$0
3 Amedisys Home Health (Glen Echo)	Davidson	\$25	\$0	\$65	\$67	\$71	\$48	\$72	\$0
4 Angel Private Duty and HH	Davidson	*	*	*	*	*	*	*	*
5 Coram Specialty Infusion Services	Davidson	Licensed 1/30/13							
6 Elk Valley Health Services	Davidson	*	*	*	*	*	*	*	*
7 Home Care Solutions	Davidson	\$66	*	\$200	\$248	\$197	\$115	\$346	*
8 Home Health Care of Mid TN	Davidson	\$64	*	\$303	\$85	\$95	\$138	\$54	*
9 Innovative Senior Care Home Hlth	Davidson	\$55	*	\$80	\$85	\$81	\$147	\$98	*
10 Intrepid USA Healthcare	Davidson	\$13	*	\$55	\$61	\$50	\$41	\$65	*
11 Suncrest Home Health	Davidson	\$36	*	\$120	\$110	\$123	\$75	\$143	*
12 Vanderbilt Community & Home	Davidson	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13 Willowbrook Home Health	Davidson	\$105	\$0	\$437	\$223	\$180	\$203	\$177	\$0
14 Highland Rim Home Health	Putnam	\$36	*	\$185	\$116	\$99	\$113	*	*
15 NHC HomeCare - Murfreesboro	Rutherford	\$42	\$0	\$108	\$153	\$137	\$109	\$254	*
16 Highpoint HomeCare	Smith	\$38	*	\$205	\$143	\$126	\$122	\$0	*
17 Highpoint	Sumner	\$42	*	\$497	\$148	\$108	\$144	\$0	*
18 Friendship	Warren	\$39	\$0	\$70	\$95	\$165	\$182	\$63	\$0
19 Vanderbilt HC Affiliated	Williamson	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 American National Home Hlth	Wilson	\$41	\$0	\$95	\$70	\$75	\$68	\$66	\$0
21 Careall [1]	Wilson	\$34	\$0	\$182	\$158	\$129	\$86	\$115	*
22 Deaconess Homecare I	Wilson	\$40	\$0	\$200	\$150	\$145	\$160	\$175	\$0
23 Gentiva Health Services	Wilson	\$76	*	\$139	\$161	\$142	\$113	\$183	*

Source: 2012 JAR Report for Home Health Agencies Report 3

* Not Applicable or undefined for this agency

[1] Careall received a CON on 10/24/12 to relocate their parent office from Wilson County to Davidson County; however, 2012 JAR data is based on parent being located in Wilson Co.

Section III – Contribution of Orderly Development – 7d

NHC HomeCare, Springfield Survey Results

6153841438



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975C Hwy. 45 Bypass
JACKSON, TENNESSEE 38305

March 1, 2013

Ms. Candy Austin, Administrator
NHC Springfield
2100 Park Plaza Drive
Springfield, TN 37172

RE: Provider #44-7276 – Recertification Survey Dated 1/7-9/2013

Dear Ms. Austin:

The West Tennessee Regional Office of Health Care Facilities conducted a state recertification survey at your facility on January 7-9, 2013. Your Plan of Correction has been received and found to be acceptable.

If you have any questions, please call Diane Carter at 731-984-9684.

Sincerely,

P. Diane Carter

P. Diane Carter, RN, LNCC
Public Health Nurse Consultant II

PDC/gk *g/c*



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975C Highway 45 Bypass
JACKSON, TENNESSEE 38305-2873
731-984-0884

January 11, 2013

Ms. Candy Austin, Administrator
NHC Homecare Springfield
2100 Park Plaza Drive
Springfield, TN 37172

**RE: LICENSURE NUMBER - 205
RECERTIFICATION SURVEY - 01/07-09/2013 - Provider #44-7276**

Dear Ms. Austin:

Enclosed is the Statement of Deficiencies developed as the result of the recertification survey conducted in your facility on January 07-09, 2013, by the West Tennessee Regional Office of Health Care Facilities. Based upon CFR 488.28, you are asked to submit an acceptable plan of correction to this office **ten (10) days from date of this letter**. The completion date for each deficiency should **not be later than 45 days from the last day of the survey**. You may fax your Plan of Correction to this office to accomplish the deadline, but we also need you to mail a copy with an original signature. The fax number is 731-512-0063.

During your survey three (3) standard level deficiencies was cited.

To be acceptable, a plan of correction must respond to each deficiency noted stating specifically how each deficiency will be corrected and give the approximate date of completion. It is essential for purposes of clarification, as well as your best interest, that your plan of correction specifies the exact measures which will be taken to correct each deficiency. As both the statements of deficiencies and plans of correction are subject to public disclosure, statements such as will comply by, will complete by, and already corrected will not be considered acceptable.

Your plan of correction must contain the following indicators:

- How the deficiency will be corrected;
- The date the deficiency will be corrected;
- What measures or systemic changes will be put in place to ensure that the deficient practice does not recur;
- How the corrective action will be monitored to ensure that the deficient practice does not recur.

The Plan of Correction must be submitted on the CMS2567 form enclosed, dated and signed by the Administrator before it is considered "acceptable". Whenever possible, please contain your plan of correction responses to the form furnished to you. In the event you need additional space, please continue your response on your letterhead or plain stationery, typing in the name of your facility, address and other identifying information.

If you have any questions concerning the statement of deficiencies, survey process, or completion of forms, please do not hesitate to let us know. You may feel free to call this office at (731) 984-9684.

Please be sure to sign and date your Plan of Correction before you send it back to this office.

Sincerely,

P. Diane Carter

P. Diane Carter, RN, LNCC
Public Health Nurse Consultant 2

PDC/gk_{gk}

Enclosure

PRINTED: 01/16/2013
FORM APPROVED
OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 447278	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/09/2013
NAME OF PROVIDER OR SUPPLIER NHC HOMECARE SPRINGFIELD			STREET ADDRESS, CITY, STATE, ZIP CODE 2100 PARK PLAZA DRIVE SPRINGFIELD, TN 37172	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
G 170	<p>484.30 SKILLED NURSING SERVICES</p> <p>The HHA furnishes skilled nursing services in accordance with the plan of care.</p> <p>This STANDARD is not met as evidenced by: Based on medical record review, observation and interview, the facility failed to ensure skilled nursing services were furnished in accordance with the plan of care for 1 of 2 (Patient #13) sampled patients receiving random blood sugar checks every visit, 1 of 3 (Patient #7) sampled patients receiving wound care and 1 of 2 (Patient #7) sampled patients receiving peripheral insertion central catheter (PICC) line dressing changes.</p> <p>The findings included:</p> <p>1. Medical record review for Patient #7 revealed a start of care dated 12/19/12 with diagnoses of malnutrition and other severe protein calorie. The plan of care (POC) dated 12/19/12 - 2/16/13 revealed, "...Wound #2 Lower mid [middle] abd [abdomen]: SN [skilled nursing] to perform wound care every visit, and PRN [as necessary] for loosened/soiled dressing. Remove soiled dressing, cleanse with NS [normal saline], pat dry with gauze, apply skin prep, pack with saline soaked gauze, cover with dry dressing, secure with tape...Change PICC transparent dressing change every 7 days and PRN..." Review of the nurses' notes dated 12/26/12 and 1/2/13 revealed no documentation of wound care performed. Review of the nurses' notes dated 1/2/13 revealed no documentation of the PICC line dressing change as ordered by the physician.</p>	G 170		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X5) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

PRINTED: 01/10/2013
FORM APPROVED
OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 447276	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 01/09/2013
NAME OF PROVIDER OR SUPPLIER NHC HOMECARE SPRINGFIELD			STREET ADDRESS, CITY, STATE, ZIP CODE 2100 PARK PLAZA DRIVE SPRINGFIELD, TN 37172		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
G 170	Continued From page 1 Observation in Patient #7's home on 1/7/13 at 5:15 PM, revealed Nurse #1 failed to provide wound care during the home visit. During an interview in the conference room on 1/8/13 at 9:00 AM, the Director of Nursing (DON) confirmed there was no documentation of wound care on 12/26/12 and 1/2/13 and no PICC line dressing change on 1/2/13. 2. Medical record review for Patient #13 revealed a start of care dated 9/27/11 with diagnoses of Diabetes Mellitus, Alzheimer's Disease and Dementia. The POC dated 11/20/12 - 1/18/13 revealed, "...Check random blood sugar every visit..." The nurses' notes dated 11/20/12, 11/29/12, 12/5/12 and 12/29/12 revealed no random blood sugar was obtained as ordered by the physician. During an interview in the conference room on 1/8/13 at 5:35 PM, the Director of Nursing (DON) confirmed the nurse did not obtain a random blood sugar every visit as ordered on the POC. The DON stated, "...I expect nursing to follow the MD [medical doctor]'s POC and if says blood sugar every visit then expect to be done..."	G 170			
G 196	484.34 MEDICAL SOCIAL SERVICES The social worker participates in the development of the plan of care. This STANDARD is not met as evidenced by: Based on policy review, medical record review and interview, the agency failed to provide Medical Social Services in accordance with the plan of care (POC) for 1 of 4 (Patient #17)	G 196			

PRINTED: 01/10/2013
FORM APPROVED
OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 447276	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 01/09/2013
NAME OF PROVIDER OR SUPPLIER NHC HOMECARE SPRINGFIELD			STREET ADDRESS, CITY, STATE, ZIP CODE 2100 PARK PLAZA DRIVE SPRINGFIELD, TN 37172		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
G 196	Continued From page 2 sampled patients reviewed for social services. The findings included: 1. Review of the agency's "Medical Records" policy revealed, "...Initial visits by all disciplines are required within 48 hour of the order..." 2. Medical record review for Patient #17 revealed a start of care (SOC) date of 8/31/12. The plan of care (POC) dated 10/30/12 - 12/28/12 revealed a supplemental order on 12/13/12, "...MSW [Medical Social Worker] to evaluate and treat...". There was no documentation the MSW evaluated the patient during the certification period. The medical record documented a MSW evaluation dated 1/1/13. There was no documentation of a physician's order for MSW services on the POC for 12/29/12 - 2/15/13. 3. During an interview in the meeting room on 1/9/13 at 3:50 PM, the Director of Nursing (DON) verified there was no documentation of an evaluation by the MSW for the certification period 10/30/12 - 12/28/12. The DON stated, "...We use the guidelines of 48 hours, which is related to the same timeframe as someone who is admitted. If there was a delay, expect documentation, communication, explanations of attempts and responses and notification of the physician."	G 196			
G 229	484.36(d)(2) SUPERVISION The registered nurse (or another professional described in paragraph (d)(1) of this section) must make an on-site visit to the patient's home no less frequently than every 2 weeks.	G 229			

PRINTED: 01/10/2013
FORM APPROVED
OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 447276	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 01/09/2013
NAME OF PROVIDER OR SUPPLIER NHC HOMECARE SPRINGFIELD			STREET ADDRESS, CITY, STATE, ZIP CODE 2100 PARK PLAZA DRIVE SPRINGFIELD, TN 37172		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
G 229	<p>Continued From page 3</p> <p>This STANDARD is not met as evidenced by: Based on policy review, medical record review and interview, it was determined the Registered Nurse (RN) failed to supervise the Home Health Aide (HHA) services by making on-site visits to the patients' home at least every 14 days for 1 of 6 (Patient #17) sampled patients receiving HHA services.</p> <p>The findings included:</p> <ol style="list-style-type: none"> 1. Review of the agency's "Staff Supervision" policy revealed, "...The HHA works directly under the supervision of a RN, in-home supervisory visits to all Medicare patients receiving HHA care assess the appropriateness and effectiveness of the care. They must be completed at least every 14 days. They must be completed by an RN..." 2. Medical record review for Patient #17 revealed a start of care (SOC) date of 8/31/12. The plan of care (POC) dated 10/30/12 - 12/28/12 revealed AI (aide): 2 wk(week)9. There was no documentation the RN had performed on-site supervisory visits every 14 days during the months of November and December 2012. 3. During an interview in the meeting room on 1/9/13 at 3:50 PM, the Director of Nursing (DON) verified there was no documentation the RN had performed on-site supervisory visits every 14 days during the months of November and December 2012. The DON stated, "...I expect supervised visits every 14 days... and to be documented in the Nurses notes..." 	G 229			

COPY-

SUPPLEMENTAL-1

NHC/LP d/b/a NHC
Homecare/Macon

CN1310-037

**OMISSION RESPONSES
TO
NHC/LP CON APPLICATION FOR:
NHC HOMECARE/ROBERTSON
REQUEST TO ADD MACON COUNTY TO
NHC HOMECARE, SPRINGFIELD**

October 21, 2013

**ATTN: MR. PHILLIP M. EARHART, HEALTH SERVICES DEVELOPMENT
EXAMINER**

OCT 22 10:21 AM '05

1. Section A, Applicant Profile, Item 13

Please clarify the reason why the applicant does not have contracts with TennCare managed care organizations and why care for TennCare enrollees must be negotiated on a case per case basis.

NHC HomeCare previously had a contract with AmeriChoice. However, due to increased administrative requirements (such as weekly billing instead of monthly) and a written provision that we were required to accept every AmeriChoice patient referred to us, we were unable to agree on terms for a new contract. These provisions were not in our original contract and AmeriChoice indicated no changes could be made—that these were TennCare requirements. We handle each referral on a case by case basis in order to assure we have adequate staff to do the billing (we must do this manually since claims have to be done weekly rather than monthly) and in order to assure we have sufficient appropriately qualified staff to handle the medical needs of the patient.

2. Section B, Project Description, Item 1

The applicant states by adding Macon County to the Springfield/NHC license and removing it from the Murfreesboro/ NHC license will reduce operating cost. What type of operating cost will be reduced and by what amount.

Our projections for the reduction in operating costs relate to mileage and staffing and are estimated to be between \$ 25,000 and \$35,000 per year. Other costs are expected to remain the same.

The applicant has requested consent calendar for this project. Please address the reason consent calendar is being requested as it relates to each of the following: 1) Need, 2) Economic Feasibility, and the 3) Orderly development to health care.

Consent Calendar is being requested for this project which is consistent with past requests for similar projects. Regarding the three criteria, the following observations can be made which support our consent request:

Need - no net increase in services are being requested.

Economic Feasibility - the project proposed requires no capital expenditure, only the minimum filing fee of \$3,000 is required. Some positive operational costs can be realized by making the requested change.

Orderly Development - the proposed project will help to reduce operating costs but will not affect patient care or costs paid for care.

What is the staff travel time and distance from NHC Homecare-Robertson to Lafayette (Macon County), TN, and NHC Homecare-Rutherford to Lafayette (Macon County), TN?

Prior to February 2013 NHC Home Care provided services to patients in Macon County from its office in Lebanon, TN. Our Lebanon, TN office was a branch office of the parent which was based in Murfreesboro, TN. Once the Lebanon office was closed, Macon County patients were served from our Murfreesboro location. It is approximately 60 miles from our Murfreesboro office to Macon County (using the courthouse as a measurement point) and takes approximately 1 hour and 20 minutes to make the drive. This is one way.

We currently have an office in Hendersonville, TN which is a branch of the parent office in Springfield, TN. It is approximately 41 miles from our Hendersonville office to Macon County (using the courthouse as a measurement point) and takes approximately 55 minutes to make the drive. This is one way.

Therefore, by moving Macon county to our Springfield license so that we could serve patients from our Hendersonville branch we would save approximately 19 miles each way plus an additional 25 minutes of productive time. On a roundtrip basis, that would equate to a savings of 38 miles and 50 minutes per visit.

3. Section B, Project Description, Item II.C.

Please briefly describe the Prospective Pay Model. There appears to be a typo on page 7. Did the applicant mean "prospective" rather than "perspective"?

Our apologies. That is a typo on page 7 and it should, indeed, be 'prospective'.

A brief description of the Prospective Pay Model is as follows:

Effective October 1, 2000 Medicare established a new payment methodology for home health services which provides for payment of a prospectively determined amount per episode of care. A 60-day episode was selected as the basic unit for payment and this per-episode amount generally is paid regardless of the number of days services are rendered or the number of visits provided. The payment amount is based on a case-mix category assigned based on the patient's clinical and functional status, the number of therapy visits provided, and whether the patient's episode is considered early or late. The clinical and functional components of the case-mix category are determined from information gathered at the time of the initial assessment (OASIS) made by the nurse or therapist upon admission of the patient. The service component is determined based on the number of therapy visits the patient receives during the episode. An additional amount is added to each episode for non-routine supplies. This case-mix weight is then multiplied by the standardized prospective payment amount as established by CMS and published in the Federal Register and a wage index is applied in the calculation based on where the patient resides. The result of which is that providers are paid a set amount (with a few exceptions) to provide home health care to each Medicare patient at a pre-established amount per episode of care.

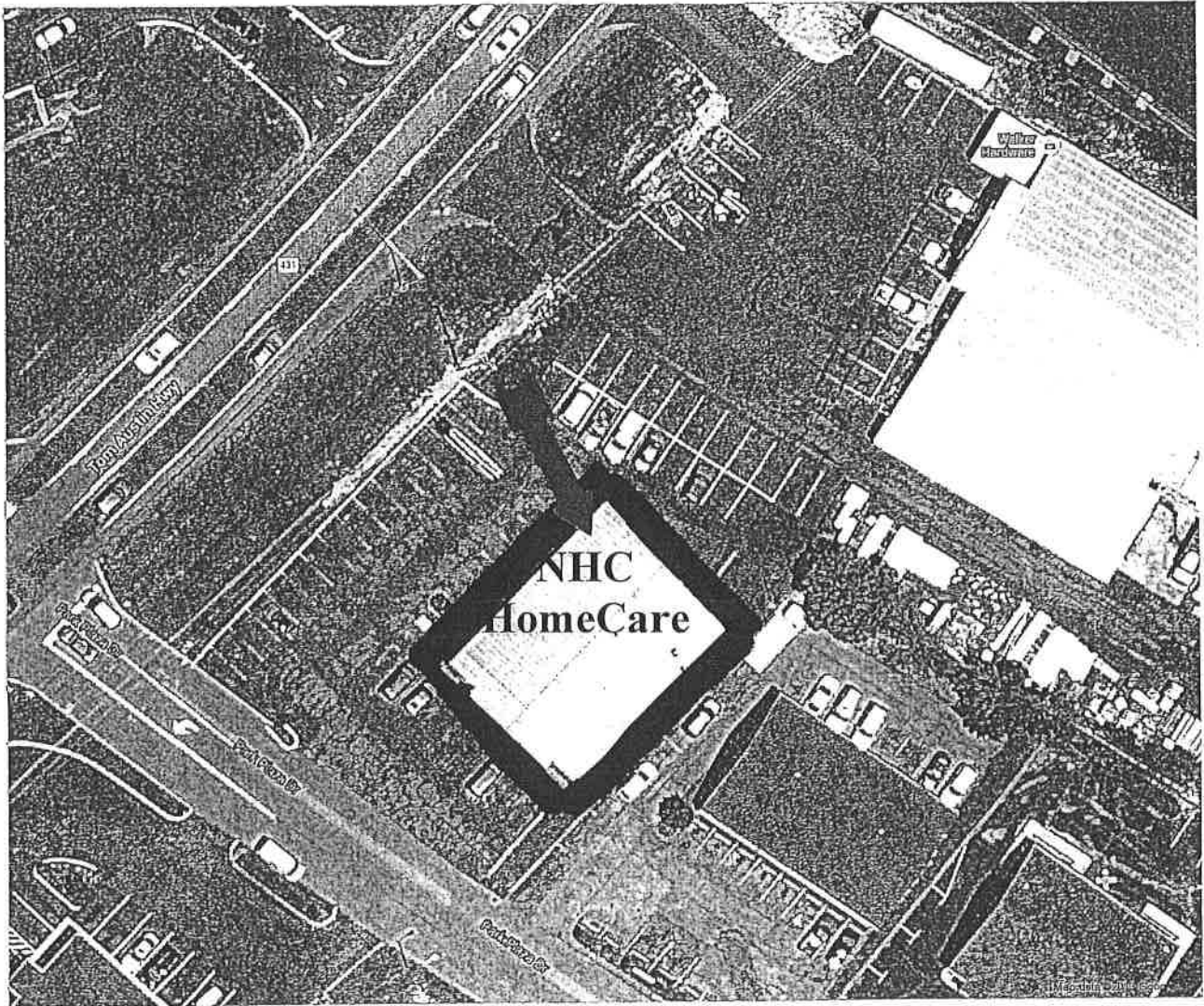
4. Section B, Project Description Item III.A.(Plot Plan)

Please highlight the location of the home health office on the plot plan and resubmit.

Please see attached location of NHC HomeCare, Springfield.

NHC HomeCare, Springfield

< 1 Acre



5. Section B, Project Description, Item V.

1. The existing service area by county appears to be incorrect. Please verify the existing service area for NHC HomeCare/Springfield license #205.

The existing service area for NHC HomeCare, Springfield is Cheatham, Davidson, Montgomery, Robertson, Sumner and Wilson County.

2. Please verify the proposed service area by county for NHC Homecare/Springfield license #205.

The proposed service area for NHC HomeCare, Springfield is Cheatham, Davidson, Macon, Montgomery, Robertson, Sumner and Wilson County.

3. What are the existing branch offices of NHC Homecare/Springfield license #205?

NHC HomeCare, Hendersonville located at 112 Saundersville Road, Suite B200, Hendersonville, TN 37075 is a branch office of NHC Home, Springfield license #205.

Please list the certified counties for NHC/OP, L.P. Home Care licensed in Rutherford County.

Currently, NHC HomeCare, Murfreesboro is licensed to serve Bedford, Cannon, Clay, Coffee, Cumberland, Davidson, DeKalb, Fentress, Grundy, Jackson, Macon, Marshall, Morgan, Overton, Pickett, Putnam, Rutherford, Smith, Trousdale, Van Buren, Warren, White, Williamson, and Wilson counties

6. Section C, Need, 1.a., Specific Criteria, Item 5.

Please respond to "Documentation from Referral Sources, items a-d.

Please see the attached response to the referenced section.

County	A # Licensed Agencies	B 2012 Population	C # of Patients Served 2012	D Use Rate (Pt/ 1000 pop	E Est. 2017 Population	F Projected Capacity (DxE)	G Projected Need .015 x E	H Projected Net Need (G-F)
Macon	23	22,720	837	0.0368	23,894	880	358	-522
Total	23	22,720	837	0.0368	23,894	880	358	-522

Source: Division of Health Statistics, Office of Policy, Planning and Assessment, Tennessee Department of Health.

2012 Home Health Summary Report

"Home Health licensed agencies by resident counties" Department of Health Licensure

9/18/13: HSDA website

Please see Attachment: Section C – General Criteria – 1.B.2. HomeCare Need located on page 86 and Attachment Section C – General Criteria 1B.4. Inventory and Utilization on page 88 at the end of the application.

5. Documentation from referral sources:

Please note that no net increase in service area is proposed, nevertheless, please see the responses below.

- a. The applicant shall provide letters of intent from physicians and other referral sources pertaining to patient referral.

Please note that letters have been requested from physicians and other referral sources currently referring patients to NHC Homecare operations in Macon County via another licensed office.

- b. The applicant shall provide information indicating the types of cases physicians would refer to the proposed home health agency and the projected number of cases by service category to be provided in the initial year of operation.

Please note that letters have been requested from physicians regarding the type of cases they refer and the projected number of cases by service. Please note that the actual number of referrals to NHC's existing Macon County license have been used in projecting the number of referrals expected.

- c. The applicant shall provide letters from potential patients or providers in the proposed service area that state they have attempted to find appropriate home health services but have not been able to secure such services.

NHC is currently serving Macon County, from another license, and is requesting to serve the same County from another license as a cost saving measure. The proposed services would not change from those currently provided.

- d. The applicant shall provide information concerning whether a proposed agency would provide services different from those services offered by existing agencies.

NHC is currently serving Macon County, from another license. NHC is not proposing to provide services different from those services currently offered.

7. Section C, Need, 1.a., Specific Criteria, Item 6.

The attachment: "Section C-Economic Feasibility-6b Estimated Rates" referenced as being on page 135 could not be located. Please clarify the location of this document.

Please see the following page for Attachment "Section C – Economic Feasibility – 6b Estimated Rates"

**NHC HomeCare Cost Per Visit Comparison
to existing Home Health Agencies Licensed in Macon County**

		Cost Per Visit								
	Base County	HH Aides	Homemaker Services	Medical Social Services	Occupational Therapy	Physical Therapy	Skilled Nursing	Speech Therapy	Other	
	NHC HomeCare - Springfield (Proposed Relocation)	Robertson	\$50	\$0	\$126	\$170	\$146	\$124	\$126	*
1	Cumberland River Homecare	Clay	\$24	*	\$18	\$91	\$114	\$160	\$91	*
2	Amedisys Home Health (C Bend)	Davidson	\$16	\$0	\$77	\$67	\$64	\$47	\$84	\$0
3	Amedisys Home Health (Glen Echo)	Davidson	\$25	\$0	\$65	\$67	\$71	\$48	\$72	\$0
4	Angel Private Duty and HH	Davidson	*	*	*	*	*	*	*	*
5	Coram Speciality Infusion Services	Davidson	Licensed 1/30/13							
6	Elk Valley Health Services	Davidson	*	*	*	*	*	*	*	*
7	Home Care Solutions	Davidson	\$66	*	\$200	\$248	\$197	\$115	\$346	*
8	Home Health Care of Mid TN	Davidson	\$64	*	\$303	\$85	\$95	\$138	\$54	*
9	Innovative Senior Care Home Hlth	Davidson	\$55	*	\$80	\$85	\$81	\$147	\$98	*
10	Intrepid USA Healthcare	Davidson	\$13	*	\$55	\$61	\$50	\$41	\$65	*
11	Suncrest Home Health	Davidson	\$36	*	\$120	\$110	\$123	\$75	\$143	*
12	Vanderbilt Community & Home	Davidson	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Willowbrook Home Health	Davidson	\$105	\$0	\$437	\$223	\$180	\$203	\$177	\$0
14	Highland Rim Home Health	Putnam	\$36	*	\$185	\$116	\$99	\$113	*	*
15	NHC HomeCare - Murfreesboro	Rutherford	\$42	\$0	\$108	\$153	\$137	\$109	\$254	*
16	Highpoint HomeCare	Smith	\$38	*	\$205	\$143	\$126	\$122	\$0	*
17	Highpoint	Sumner	\$42	*	\$497	\$148	\$108	\$144	\$0	*
18	Friendship	Warren	\$39	\$0	\$70	\$95	\$165	\$182	\$63	\$0
19	Vanderbilt HC Affiliated	Williamson	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	American National Home Hlth	Wilson	\$41	\$0	\$95	\$70	\$75	\$68	\$66	\$0
21	Carall (1)	Wilson	\$34	\$0	\$182	\$158	\$129	\$88	\$115	*
22	Deaconess Homecare I	Wilson	\$40	\$0	\$200	\$150	\$145	\$160	\$175	\$0
23	Gentiva Health Services	Wilson	\$76	*	\$139	\$161	\$142	\$113	\$183	*

Source: 2012 JAR Report for Home Health Agencies Report 3

* Not Applicable or undefined for this agency

(1) Carrell received a CON on 10/24/12 to relocate their parent office from Wilson County to Davidson County; however, 2012 JAR data is based on parent being located in Wilson Co.

8. Section C, Need, Item 2 and Item 3

There appears to be a typographical error. The applicant responded to the items using Warren County rather than Macon County (pages 22-23). Please revise and submit replacement pages.

Please see attached replacement pages.

9. Section C, Need, Item 6

The NHC Home Care, Springfield patient total for 2010, 2011 and 2012 is noted. However, please also indicate the number of home health visits for 2010-2012 for NHC Home Care, Springfield.

Following are the number of home health visits for NHC HomeCare, Springfield

2010	24,629
2011	22,372
2012	21,705

Your response to this item is noted. Please provide the projected annual utilization for each of the two years following completion of the project for Robertson County only.

Please see the attached projection for the NHC HomeCare, Springfield office without Macon County.

Please indicate the utilization data for NHC Homecare-Rutherford for the past three (3) years and Projected Two years using patient visits.

Please see the attached projection for the NHC Homecare, Rutherford for the past three (3) years and Projected two (2) years.

NHC HomeCare--Murfreesboro
Provider Group

HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	2010	2011	2012
A. Utilization Data (Specify unit of measure) Patient Visits	96,141	97,334	97,572
Licensed Beds			
% Occupancy (Licensed Beds)	N/A	N/A	N/A
B. Revenue from Services to Patients			
1. Inpatient Services			
2. Outpatient Services	14,137,703	14,860,066	16,229,682
3. Emergency Services			
4. Other Operating Revenue	9,927	9,443	9,422
(Specify) (See attached schedule)			
Gross Operating Revenue	\$ 14,147,630	\$ 14,869,509	\$ 16,239,104
C. Deductions for Operating Revenue			
1. Contractual Adjustments	\$ (801,189)	\$ (1,591,968)	\$ (2,566,069)
2. Provision for Charity Care	(5,473)	(4,763)	(8,017)
3. Provisions for Bad Debt	(48,456)	(40,956)	(45,039)
Total Deductions	\$ (855,118)	\$ (1,637,687)	\$ (2,619,125)
NET OPERATING REVENUE	\$ 13,292,512	\$ 13,231,822	\$ 13,619,979
D. Operating Expenses			
1. Salaries and Wages	\$ 3,758,223	\$ 3,928,191	\$ 4,147,897
2. Physician's Salaries and Wages (Medical Services)	15,815	14,360	11,807
3. Supplies	301,561	332,998	353,303
4. Taxes	4,611	5,154	5,472
5. Depreciation	77,046	71,014	62,291
6. Rent	309,618	321,251	336,278
7. Interest, other than Capital	13	103	117
8. Management Fees:			
a. Fees to Affiliates	1,384,446	1,480,302	1,460,334
a. Fees to Non-Affiliates	0	0	0
9. Other Expenses (Specify) See Attached Schedule	4,849,721	4,952,195	5,127,902
Total Operating Expenses	\$ 10,701,054	\$ 11,105,568	\$ 11,505,401
E. Other Revenue (Expenses)--Net (Specify)			
NET OPERATING INCOME (LOSS)	\$ 2,591,458	\$ 2,126,254	\$ 2,114,578
F. Capital Expenditures			
1. Retirement of Principal	\$ -		
2. Interest	0	0	0
Total Capital Expenditures	\$ -	\$ -	\$ -
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	\$ 2,591,458	\$ 2,126,254	\$ 2,114,578

NHC HomeCare—Murfreesboro
Provider Group

PROJECTED DATA CHART

Give information for the two (2) years following completion of this proposal. The fiscal year begins in January (Month).

	2014	2015
A. Utilization Data (Specify unit of measure) Patient Visits	102,500	104,560
(Specify unit of measure) (% Occupancy)	N/A	N/A
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	17,425,000	18,300,000
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	\$ 17,425,000	\$ 18,300,000
C. Deductions for Operating Revenue		
1. Contractual Adjustments	\$ (3,200,000)	\$ (3,700,000)
2. Provision for Charity Care	(15,000)	(20,000)
3. Provisions for Bad Debt	(50,000)	(52,000)
Total Deductions	\$ (3,265,000)	\$ (3,772,000)
NET OPERATING REVENUE	\$ 14,160,000	\$ 14,528,000
D. Operating Expenses		
1. Salaries and Wages	\$ 4,350,000	\$ 4,450,000
2. Physician's Salaries and Wages	15,000	16,000
3. Supplies	370,000	380,000
4. Taxes	6,000	6,000
5. Depreciation	60,000	60,000
6. Rent	350,000	360,000
7. Interest, other than Capital	200	200
8. Management Fees		
a. Fees to Affiliates	1,475,000	1,495,000
b. Fees to Non-Affiliates		
9. Other Expenses (Specify) - SEE ATTACHED SCHEDULE	5,300,000	5,500,000
Total Operating Expenses	\$ 11,926,200	\$ 12,267,200
E. Other Revenue (Expenses)—Net (Specify)		
NET OPERATING INCOME (LOSS)	\$ 2,233,800	\$ 2,260,800
F. Capital Expenditure		
1. Retirement of Principal		
2. Interest		
Total Capital Expenditures	\$ -	\$ -
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ 2,233,800	\$ 2,260,800

NHC HomeCare--Murfreesboro Provider Group

Detail Schedule of Other Revenue and Other Expenses

	2014	2015
Other Revenue:		
Interest Income	0	0
Miscellaneous	0	0
Total Other Revenue	<u>\$0</u>	<u>\$0</u>

Other Expense:		
Payroll Taxes and Benefits	1,215,000	1,230,000
Contract Services--affiliates	2,100,000	2,200,000
Contract Services--non affiliates	1,350,000	1,420,000
Mileage and Travel	340,000	350,000
Telephone and Utilities	105,000	107,000
Recruiting	19,000	19,000
Education	20,000	21,000
Postage and Delivery	18,000	19,000
Employee Relations	20,000	20,500
Equipment Rental and Repair	33,000	33,000
Public Relations	40,000	40,500
Miscellaneous	40,000	40,000
Total Other Expense	<u>\$5,300,000</u>	<u>\$5,500,000</u>

10. Section C, Economic Feasibility, Item 4

Please provide a historical data chart for NHC Homecare-Rutherford.

Please see attached.

Please provide a Projected Data Chart that includes the proposed Macon County only.

Please see attached.

What is the financial impact on NHC Homecare-Rutherford by eliminating Macon County from their service area?

The financial impact on NHC HomeCare—Murfreesboro would be positive. Due to the increased distance to provide services to patients in Macon county (approx. 60 miles one way) from our Murfreesboro location, our costs to provide services to patients in this area would exceed our revenue. Estimated annual net improvement would be approximately \$10,000 to \$15,000.

NHC HomeCare--Murfreesboro
Provider Group

HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	2010	2011	2012
A. Utilization Data (Specify unit of measure) Patient Visits	96,141	97,334	97,572
Licensed Beds			
% Occupancy (Licensed Beds)	N/A	N/A	N/A
B. Revenue from Services to Patients			
1. Inpatient Services			
2. Outpatient Services	14,137,703	14,860,066	16,229,682
3. Emergency Services			
4. Other Operating Revenue	9,927	9,443	9,422
(Specify) (See attached schedule)			
Gross Operating Revenue	\$ 14,147,630	\$ 14,869,509	\$ 16,239,104
C. Deductions for Operating Revenue			
1. Contractual Adjustments	\$ (801,189)	\$ (1,591,968)	\$ (2,566,069)
2. Provision for Charity Care	(5,473)	(4,763)	(8,017)
3. Provisions for Bad Debt	(48,456)	(40,956)	(45,039)
Total Deductions	\$ (855,118)	\$ (1,637,687)	\$ (2,619,125)
NET OPERATING REVENUE	\$ 13,292,512	\$ 13,231,822	\$ 13,619,979
D. Operating Expenses			
1. Salaries and Wages	\$ 3,758,223	\$ 3,928,191	\$ 4,147,897
2. Physician's Salaries and Wages (Medical Services)	15,815	14,360	11,807
3. Supplies	301,561	332,998	353,303
4. Taxes	4,611	5,154	5,472
5. Depreciation	77,046	71,014	62,291
6. Rent	309,618	321,251	336,278
7. Interest, other than Capital	13	103	117
8. Management Fees:			
a. Fees to Affiliates	1,384,446	1,480,302	1,460,334
a. Fees to Non-Affiliates	0	0	0
9. Other Expenses (Specify) See Attached Schedule	4,849,721	4,952,195	5,127,902
Total Operating Expenses	\$ 10,701,054	\$ 11,105,568	\$ 11,505,401
E. Other Revenue (Expenses)—Net (Specify)			
NET OPERATING INCOME (LOSS)	\$ 2,591,458	\$ 2,126,254	\$ 2,114,578
F. Capital Expenditures			
1. Retirement of Principal	\$ -		
2. Interest	0	0	0
Total Capital Expenditures	\$ -	\$ -	\$ -
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	\$ 2,591,458	\$ 2,126,254	\$ 2,114,578

PROJECTED DATA CHART

Give information for the two (2) years following completion of this proposal. The fiscal year begins in January (Month).

	2014	2015
A. Utilization Data (Specify unit of measure) Patient Visits	1,000	1,050
(Specify unit of measure) (% Occupancy)	N/A	N/A
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	155,200	163,000
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	\$ 155,200	\$ 163,000
C. Deductions for Operating Revenue		
1. Contractual Adjustments	\$ (26,300)	\$ (27,700)
2. Provision for Charity Care	(200)	(250)
3. Provisions for Bad Debt	(750)	(785)
Total Deductions	\$ (27,250)	\$ (28,735)
NET OPERATING REVENUE	\$ 127,950	\$ 134,265
D. Operating Expenses		
1. Salaries and Wages	\$ 47,250	\$ 49,800
2. Physician's Salaries and Wages		
3. Supplies	4,780	5,019
4. Taxes		
5. Depreciation		
6. Rent		
7. Interest, other than Capital		
8. Management Fees		
a. Fees to Affiliates	15,000	15,750
b. Fees to Non-Affiliates		
9. Other Expenses	44,000	45,800
Total Operating Expenses	\$ 111,030	\$ 116,369
E. Other Revenue (Expenses)--Net (Specify)		
NET OPERATING INCOME (LOSS)	\$ 16,920	\$ 17,896
F. Capital Expenditure		
1. Retirement of Principal		
2. Interest		
Total Capital Expenditures	\$ -	\$ -
NET OPERATING INCOME (LOSS)		
LESS CAPITAL EXPENDITURES	\$ 16,920	\$ 17,896

11. Section C, Economic Feasibility, Item 5

Please re-verify calculations for average gross charge, average deduction and average net charge for Year One and Year Two. It appears the Year One Average Gross Charge is \$170.00 and Average Net Charge is \$138.14, and the Average Gross Charge is \$175.00 and Average Net Charge is \$138.94 in Year Two.

Please note that the previously submitted numbers appear to be correct.

12. Section C, Economic Feasibility, Item 8

The estimated Medicare Net Revenue in Year One is noted. However, please also calculate for TennCare/Medicaid revenue and its percentage of total project revenue.

Please note there is no TennCare/Medicaid revenue proposed and/or impact to the State budget as part of the CON request.

13. Section C, Contribution to Orderly Development, Item 3 and 4.

What will be the anticipated staffing for Macon County only?

Staffing for the provision of services to patients in Macon county will be provided by NHC HomeCare—Hendersonville (a branch of NHC HomeCare—Springfield). Macon County will be:

- .38 Skilled Nurses**
- .08 Home Health Aides**
- .23 Physical Therapists**
- .05 Occupational Therapists**
- .01 Speech Therapists**
- .03 Social Workers**

However, the same staff that provides services in Macon County will also provide services in other counties covered by the branch office in Hendersonville.

The applicant refers to attachment, "Section C Economic Feasibility-4" on page XX" on pages 43 and 44 of the application. Please submit replacement pages with the appropriate page # reference for the attachments.

Please see attached replacement pages

If approved, will current patients residing in Macon County be assigned a different home health nurse employed by NHC Homecare-Murfreesboro?

As of 10-17-13, NHC HomeCare—Murfreesboro has only one patient in Macon County and this patient is expected to be discharged around the mid to later part of November. Any patients in Macon County that are current at the time of any approval of this application would be assigned a home health nurse employed by NHC HomeCare—Springfield.

No, patients will be seen by the same nurses and agency partners that are currently assigned to Macon County. The proposed CON will not be detectable by patients; this request is strictly administrative in nature.

14. Proof of Publication

The copy of the newspaper notice of intent is noted. However, please submit a clearer copy that is legible.

Attached please find the original newspaper notice.

...and a touchdown, and a rush by Devon Dillehay for a gain of 42 and a touchdown were followed by unsuccessful attempts at two-point conversions. At the end of the 3rd quarter, the score was 26-8 and the crowd was on their feet. Prescott South made a touchdown in the 4th quarter, adding

51 yards, a final touchdown on a rush by Brian Swindle for a gain of 18 and a successful two-point conversion attempt on a rush by Seth Carlisle brought the game home in favor of the Tigers, 34-14.

COUNTY: Macon
The Tennessee Department of Transportation is about to make final settlement with the contractor for construction of the above numbered project. All persons wishing to file claims pursuant to Section 54-5-122, T.C.A. must file same with the Director of Construction, Tennessee Department of Transportation, Suite 700 James K. Polk Bldg., Nashville, Tennessee 37243-0326 on or before 11/22/13.

AN UP WEEK FOR THE OF LAFAYETTE RESIDENTS

has designated the week of Oct. 21st, 2013 as FALL-UP WEEK for the Lafayette city residents. For items picked up by the Sanitation truck. During that week city Hall at 666-2194 for pick up. not pick up wire, tires, wood, limbs, rock, brick, no materials or any item still containing freon. The city up electronics; such as computers, monitors, DVD/VCR

ase recycle!

BROWNING'S LIVESTOCK MARKET

LAFAYETTE, TN. • AT THE MACON COUNTY STOCKYARD • 615-666-2184

Selling All Types of Livestock

Stacey Browning 666-2184, 699-3441, 888-6016,

Doug Browning 699-3370

SALES ARE NOW BEING HELD ON THE 1st, 3rd, & 5th WEDNESDAY of each month.



Wed.	Wed.	Wed.
Oct. 2	Nov. 6	Dec. 4
Oct. 16	Nov. 20	Dec. 18
Oct. 30		

Will Receive Cattle Tuesday from 12:00 p.m. to 6:00 p.m. & Wednesday from 6:00 a.m. to 1:00 p.m.

60453574

WARENESS AND CHILD-FIND FOR INDIVIDUALS WITH DISABILITIES

System in Tennessee has the responsibility of providing free and appropriate education for all certified disabled children between the ages of 21 years. Early detection and treatment of persons with disabilities are

of any individual who may have a disability who is not presently receiving appropriate educational program or other needed services, please call 615- The Superintendent, the Supervisor of Special Education, or the School st will be glad to talk with you.

k your child may have a disability and your child is between birth and months, please call Tennessee's Early Intervention System, toll free 1-800-

This system will help families locate services for infants and toddlers ilities before the child reaches school age.

ENCIA PUBLICA Y NINO-ENCUESTRA PARA LOS INDIVIDUOS CON EL EXCOLAR DE DISABILITES

ennessee tiene la responsabilidad de proporcionar una educacion publica opiada para todos los ninios lisiados certificados entre las edades de 3 a a deteccion temprana y el tratamiento de personas con inhabilidades es portant. If que usted sabe del individuo que puede tener una inhabilidad ntly no este recibiendo un programa educativo apropiado u otros servicios s, llama por favor 666-2125. El superintendente, el supervisor de la educa- zial, o el psicologo de la escuela estara alegre hablar con you. If que usted e su nino puede tener una inhabilidad y su nino esta entre el nacimiento / seis meses, llame por favor el sistema temprano de la intervencion de e, peaje libre en 1-800-852-7157. Esta voluntad del sistema ayuda a las localizer los servicios para los infantes y los ninios con inhabilidades antes

ADVERTISEMENT FOR BIDS

Sealed bids for HVAC Replacement at Development TN090-003 will be received by Lafayette Housing Authority, 613 Dycus Circle, Lafayette, Tennessee 37083 on Tuesday, October 22, 2013, at 11:00 a.m., and then at said office of the Executive Director publicly opened and read aloud. Prior to the opening of the envelope, the names of all contractors listed shall be read aloud and incorporated into the bid.

The Contract Documents may be examined at the following locations:

Barge Cauthen & Associates, Inc.
6606 Charlotte Pike, Suite 210
Nashville, Tennessee

Nashville Office Minority Business Enterprise
McGraw Hill Construction
Nashville Contractors Association

Prospective bidders may obtain copies of the 6606 Charlotte Pike, Suite 210, Nashville, TN 37209. A deposit of \$200.00 is required for one set of Contract Documents. All bid deposit checks or drafts shall be made payable to Barge Cauthen & Associates, Inc. Requirements for bid deposit refunds can be found in the expanded Advertisement for Bids bound within the Project Manual.

All bidders must be licensed Contractors as required by the Contractors Licensing Act of 1994 (TCA 62-6-119) with all bid submittals conforming to the State of Tennessee requirements. All bidders shall provide evidence of a license in the appropriate classification before a bid can be considered. Reference is made to the Instructions to Bidders for Contracts contained in the Project Manual for further bidding information.

The right is reserved to reject any or all bids or to waive any informalities in the bidding. No bidder may withdraw his bid within 60 days after the actual date of the opening thereof.

Walk Through and Prebid Conference

At 11:00 a.m. on Monday, October 14, a prebid conference will be held at the administrative office of Lafayette Housing Authority, 613 Dycus Circle, Lafayette, Tennessee, for the purpose of answering questions bidders may have and to consider any suggestions they may wish to make concerning the project. Immediately following the prebid conference, a walk-through of the project(s) will be held by the Owner. All contractors are recommended to attend this walk-through and prebid conference.

LAFAYETTE HOUSING AUTHORITY

By: Jon A. Wells, Executive Director
Date: October 3, 2013
October 9, 2013

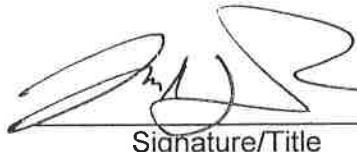
OCT 22 '13 AM 10:04

SUPPLEMENTAL- # 1
OCTOBER 22
10:10amAFFIDAVIT

STATE OF TENNESSEE

COUNTY OF RutherfordNAME OF FACILITY: NHC OP/, L.P. d/b/a NHC HomeCare Springfield

I, Bruce K. Duncan, being first duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.


Assistant Vice President

Signature/Title

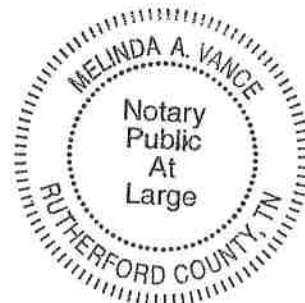
Sworn to and subscribed before me, a Notary Public, this the 18th day of October, 2013, witness my hand at office in the County of Rutherford, State of Tennessee.

Melinda A. Vance
NOTARY PUBLIC

My commission expires 2/17, 2014

HF-0043

Revised 7/02





0018'13 AM9:29

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Macon County Time which is a newspaper
(Name of Newspaper)
of general circulation in Macon, Tennessee, on or before October 10, 2013,
(County) (Month / day) (Year)
for one day.

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

NHC Homecare, Springfield Home Care
(Name of Applicant) (Facility Type-Existing)

owned by: NHC/OP, L.P. with an ownership type of Limited Partnership and to be managed by: NHC/OP, L.P. intends to file an application for a Certificate of Need for: the addition of Macon County to NHC HomeCare's existing Home Care License #205 which currently includes the following counties of Cheatham, Davidson, Montgomery, Robertson, Sumner and Wilson. The parent office for this HomeCare Agency is located at 2100 Park Plaza Drive, Springfield, Robertson County, Tennessee. The estimated project costs is \$3,000. If approved, Macon County will be removed from the NHC HomeCare license #208 located at 1923 Memorial Blvd, Suite A in Murfreesboro, Rutherford County, Tennessee.

The anticipated date of filing the application is: October 15, 2013

The contact person for this project is Bruce K. Duncan Assistant Vice President
(Contact Name) (Title)

who may be reached at: National HealthCare Corporation 100 Vine, Street, 12th Floor
(Company Name) (Address)

Murfreesboro Tennessee 37130 615 / 890-2020
(City) (State) (Zip Code) (Area Code / Phone Number)

[Signature] 9/23/13 Bduncan@nhccare.com
(Signature) (Date) (E-mail Address)

=====

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243**

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

=====

NOV 6 '13 AM 9:56

November 5, 2013

VIA: Regular Mail

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1310-036
NHC/LP d/b/a NHC Homecare/Murfreesboro (Franklin County)

Dear Ms. Hill:

Please accept this letter as NHC's intent to delicense the referenced county should the Certificate of Need be granted by the agency.

NHC has filed a CON for the addition of Franklin County to NHC HomeCare's existing Home Care License #208 which currently includes the following counties of Bedford, Cannon, Coffee, Clay, Cumberland, Dekalb, Davidson, Fentress, Grundy, Jackson, Overton, Pickett, Putnam, Macon, Marshall, Morgan, Rutherford, Smith, Trousdale, Warren, White, Williamson, Wilson, and VanBuren. The parent office for this HomeCare Agency is located at 1923 Memorial Blvd., Suite A, Murfreesboro, Rutherford County, Tennessee. The estimated project cost is \$3,000. **If approved, Franklin County will be removed from the NHC HomeCare license #181 located at 915 S. James Campbell Blvd in Columbia, Maury County, Tennessee simultaneously with the addition of Franklin County to license #208 in Murfreesboro.**

If you require any additional information or need clarification on any of the supplied material, please do not hesitate to contact me at 615-890-2020.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Catherine E. Reed
Vice President, HomeCare



NATIONAL HEALTHCARE CORPORATION

November 5, 2013

VIA: Regular Mail

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1310-037
NHC/OP, L.P., d/b/a NHC Homecare/Macon (Macon County)

Dear Ms. Hill:

Please accept this letter as NHC's intent to delicense the referenced county should the Certificate of Need be granted by the agency.

NHC has filed a CON for the addition of Macon County to NHC HomeCare's existing Home Care License #205 which currently includes the following counties of Cheatham, Davidson, Montgomery, Robertson, Sumner and Wilson. The parent office for this HomeCare Agency is located at 2100 Park Plaza Drive, Springfield, Robertson County, Tennessee. The estimated project cost is \$3,000. **If approved, Macon County will be removed from the NHC HomeCare license #208 located at 1923 Memorial Blvd, Suite A in Murfreesboro, Rutherford County, Tennessee simultaneously with the addition of Macon County to license #205 in Springfield.**

If you require any additional information or need clarification on any of the supplied material, please do not hesitate to contact me at 615-890-2020.

Sincerely,

NATIONAL HEALTHCARE CORPORATION

Catherine E. Reed
Vice President, HomeCare

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: December 31, 2013

APPLICANT: NHC Homecare, Springfield
2100 Park Plaza Drive
Springfield, Tennessee 37172

CN1310-037

CONTACT PERSON: Bruce K. Duncan, Assistant Vice President
National Healthcare Corporation
100 Vine Street
Murfreesboro, Tennessee 37130

COST: \$3,000

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, NHC Homecare, Springfield, located at 2100 Park Plaza Drive., Springfield, Tennessee, seeks Certificate of Need (CON) approval for the addition of Macon County to their existing Home Care License #205 which currently includes Cheatham, Davidson, Montgomery, Robertson, Sumner, and Wilson counties. Currently, Macon County homecare patients who use NHC Homecare for services receive those services through NHC HomeCare, Murfreesboro. Upon approval of the CON, Franklin County will be removed from the NHC HomeCare license #208 located at 1923 Memorial Blvd., Suite A, in Murfreesboro, Tennessee.

NHC/OP, LP. NHC/OP, L.P. owns 100% of NHC HomeCare, Murfreesboro.

The total estimated project cost is \$3,000 and will be funded by cash reserves as documented by the Chief Financial Officer in Attachment C. Economic Feasibility-2.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant is adding Macon County to its existing service area of Cheatham, Davidson, Montgomery, Robertson, Sumner, and Wilson counties.

The total 2013 population projection for Macon County is 22,957, increasing to 23,894 in 2017, an increase of 4.1%.

The applicant's proposed project is for the addition of Macon County to the existing service area of NHC HomeCare, Springfield. NHC currently provides home health services to Macon County through its NHC HomeCare, Murfreesboro office. By adding Macon County to the license of NHC Springfield and removing it from Murfreesboro, NHC hopes to reduce its operating costs. Under the current prospective pay reimbursement system, cost saving are important to the viability of healthcare providers and the public as well. This proposal will not increase reimbursement or

capacity and will allow for a more cost efficient and effective delivery system.

The previous three years utilization of Macon County residents by NHC HomeCare, Murfreesboro is as follows: 2010-8 patients; 2011-17 patients; and 2012-15 patients. The applicant projects 40 patients for 2014, and 42 patients for 2015. The total number of patients served by NHC HomeCare, Murfreesboro and the other 22 providers of home health services in Macon County totaled 1,497, 1,506, and 1,526 each year respectively. NHC HomeCare, Murfreesboro provided services for 703, 733, and 837 patients in 2010, 2011, and 2012, respectively. *(2010, 2011, and 2012 Joint Annual Reports of Home Health Agencies).*

Note to Agency Members: Careall received a CON on 10/24/12 to relocate their parent office from Wilson County to Davidson County; however 2012 JAR data is based on parent being licensed in Wilson County. Coram Specialty Infusion Services was licensed on 1/13/13 to service Macon County.

There is no significant impact on the service areas or other providers.

TENNCARE/MEDICARE ACCESS:

The applicant participates in the Medicare and TennCare Programs. NHC/OP, LP does not contract with any TennCare providers but negotiates payment on a case by case basis.

NHC/OP, LP projects that 65% of patient revenue from adding Macon County will be comprised of Medicare funded patients. The estimated Medicare net revenue for year one is \$3,380,000.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The total project cost is estimated to be \$3,000.

Historical Data Chart: The Historical Data Chart is located on page 121 of the application. The applicant reports net operating income of \$166,104 \$210,404 and \$288,483 in years 2010, 2011, and 2012, respectively.

Projected Data Chart: The Projected Data Chart located is in Supplemental 1, page 15. The applicant projects 33,500 and 34,850 visits in years one and two with net operating revenues of \$336,600 and \$359,570 each year respectively.

The average gross charge in year one is projected to be \$155.22, with an average deduction of \$27.75, resulting in an average net charge of \$127.47. In year two, the average gross charge is estimated to be \$154.95, with an average deduction of \$27.55, resulting in an average net charge of \$127.40.

The applicant determined no alternative to this proposal would be advantageous to both Macon County residents and NHC/OP, LP. This proposal was chosen because it is economically and operationally feasible.

Medicare (CMS) has converted the payment method for home care agencies from per visit to per episode and at the same time changed from a cost reimbursement to the perspective payment. With the exception of Medicare, all other payers continue to recognize visit as the payment unit for home health.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant provides a listing of all working relationships, contracts and transfer agreement on page 41 of the application.

NHC/OP, LP anticipates only positive effects from this proposal and will continue with their commitment to improve efficiency and care. As reimbursement is no longer a reflection of cost, it is important to the survival of homecare operations to reduce costs where possible.

Staffing for services to Franklin County patients will be provided by NHC HomeCare, McMinnville (a branch of NHC HomeCare, Murfreesboro. Staff includes .38 FTE skilled nurses, .08 FTE home health aides, .23 FTE physical therapists, .05 FTE occupational therapists, .01 speech therapist and .03 FTE social worker.

NHC/OP, LP participates in training of nursing students and has contracts with Middle Tennessee State University, Cumberland University, and Tennessee Tech.

The applicant is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities. The most recent licensure survey and complaint survey were conducted on 1/7-9/2013 and 3 standard level deficiencies were noted. The plan of correction was approved on 3/1/13. A copy of the survey is included at the end of the application.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

HOME HEALTH SERVICES

1. The need for home health agencies/services shall be determined on a county by county basis.

The service area is Macon County.

2. In a given county, 1.5 percent of the total population will be considered as the need estimate for home health services in that county.

The 1.5 percent formula will be applied as a general guideline, as a means of comparison within the proposed service area.

Home Health Patients and Need in Service Area

<i>County</i>	<i># of Agencies Serving</i>	<i>Total Patients Served</i>	<i>2017 Population</i>	<i>1.5% of Guideline</i>
<i>Macon</i>	<i>23</i>	<i>837</i>	<i>23,894</i>	<i>(522)</i>

Joint Annual Report of Home Health Agencies, 2012 Tennessee Department of Health Division of Policy, Planning, and Assessment

3. Using recognized population sources, projections for four years into the future will be used.

The total 2013 population projection for Macon County is 22,957, increasing to 23,894 in 2017, an increase of 4.1%.

4. The use rate of existing home health agencies in the county will be determined by examining the latest utilization rate as calculated in the Joint Annual Report of existing home health agencies in the service area.

Based on the number of patients served by home health agencies in the service area, an estimation will be made as to how many patients could be served in the future.

Home Health Patients and Need in Service Area

<i>County</i>	<i># of Agencies Serving</i>	<i>Total Patients Served</i>	<i>2017 Population</i>	<i>1.5% of Guideline</i>
<i>Macon</i>	<i>23</i>	<i>837</i>	<i>23,894</i>	<i>(522)</i>

Joint Annual Report of Home Health Agencies, 2012 Tennessee Department of Health Division of Policy, Planning, and Assessment

5. Documentation from referral sources:

- a. The applicant shall provide letters of intent from physicians and other referral sources pertaining to patient referral.
- b. The applicant shall provide information indicating the types of cases physicians would refer to the proposed home health agency and the projected number of cases by service category to be provided in the initial year of operation.
- c. The applicant shall provide letters from potential patients or providers in the proposed service area that state they have attempted to find appropriate home health services but have not been able to secure such services.
- d. The applicant shall provide information concerning whether a proposed agency would provide services different from those services offered by existing agencies.

This criterion is not applicable.

6. The proposed charges shall be reasonable in comparison with those of other similar facilities in the service area or in adjoining service areas.

- a. The average cost per visit by service category shall be listed.
- b. The average cost per patient based upon the projected number of visits per patient shall be listed.

The average gross charge in year one is projected to be \$155.22, with an average deduction of \$27.75, resulting in an average net charge of \$127.47. In year two, the average gross charge is estimated to be \$154.95, with an average deduction of \$27.55, resulting in an average net charge of \$127.40.

Charges are comparable to other home health agencies in Macon County.